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INTRABLOC

Continued Ethnic Tension, Incitement in Transylvania

Fake Telegrams, Malicious Fliers

90EB0310A Budapest NEPSZABADSAG in Hungarian
6 Feb 90 p 3

[MTI report: "Fake Telegrams in Transylvania; Inciting Trouble Between Romanians and Hungarians"]

[Text] Tensions remain unchanged in several parts of Transylvania; the unrest between Hungarian and Romanian residents does not subside. Marosvasarhely [Tirgu-Mures] lawyer Elod Kincses, who handled the defense in the case of Temesvar [Timisoara] Reformed clergyman Laszlo Tokes, told the Romanian newspaper MAGYAR SZO about inflammatory telegrams.

The editors were informed that telegrams had been sent from the Marosvasarhely post office to Romanian cities in which distant citizens, uninformed about the issue, were advised of allegedly anti-Romanian deeds by the Hungarian inhabitants of Marosvasarhely. The newspaper has been told that the senders of the telegrams are unknown, but it is clear that the telegrams were sent for the purpose of instigation.

"It is no accident," writes Elod Kincses in the newspaper, "and this fact is revealed by dissemination of the photocopied draft of a constitution whose phraseology outstrips even Ceausescu in the curtailment of the rights of nationalities. It champions the cause of communication and education in one language exclusively and recommends use of the expression 'Romanian citizens of other nationalities' for minorities."

According to reports, a mudslinging campaign is being conducted against the director of the Marosvasarhely puppet theater. The other day on Romanian television, Enache Smaranda spoke in Romanian about the significance and necessity of reconciliation between Romanian and Hungarian inhabitants. Because of this, he has received so many threats from unknown individuals that he has had to secure protection for his home.

A six-member delegation of Hungarians and Romanians from Gyergyoszentmiklos [Gheorgheni] announced on Romanian television that reports to the effect that hostilities have erupted between Hungarians and Romanians in Szekelyfold [Seklerland] are baseless. It is calm in Gyergyoszentmiklos and elsewhere, but it is true that some offstage groups are instigating rebellion, trying to engender strife, preparing handbills, and making it appear as if a "very tense situation has evolved." Members of the delegation cried out against such malevolent actions and condemned local Romanian-language newspaper articles which lend themselves to creating disorder, poisoning the atmosphere, and driving a wedge between Romanians, Hungarians, Germans, and people of other nationalities.

According to a TASS [Telegraph Agency of the Soviet Union] report from Bucharest, Silviu Brucan will not retire from politics after all. "At an extraordinary session of the National Salvation Front Council, numerous council members asked me to remain a member of the body and I will comply with their request," said the Romanian politician to the TASS correspondent in Bucharest. The Soviet news agency reported Brucan's statement on Monday.

We reported that as recently as Sunday, a few hours before the extraordinary session of the National Salvation Front Council, Brucan had informed the general public via the Romanian news agency ROMPRES of his intention to retire. The politician mentioned the inauspicious incidents of Romanian political life as his reason for withdrawing from the public sphere. In a letter sent to the Romanian news agency, he argued that in the new political situation personal ambitions come into prominence and emphasis is not on discussing ideas but on discrediting opponents.

Emigre Writer Criticizes New Leadership

90EB0310B Budapest NEPSZABADSAG in Hungarian
6 Feb 90 p 3

[MTI report]

[Text] The West German daily newspaper DIE WELT continued its sharp criticism of Iliescu and other Romanian leaders on Monday. This time, after several earlier articles that were critical in tone, it published a lengthy statement by emigre Romanian writer Paul Goma.

This writer served time in several Romanian prisons before leaving his homeland, and he has recently been pursued by the Romanian secret police even in his Parisian exile. In an interview entitled "The Spirit of Ceausescu Is Still Alive," he claims that for political reasons the new holders of power want the West to believe that the army did not fire on the people in Temesvar [Timisoara]. Moreover, the new upper-echelon leaders want to persuade the West that not all Securitate employees can be lumped together: Some of them stand on the side of the revolution, and only isolated elements—roughly 1,000 persons altogether—opened fire. Goma calls all of this an outrageous lie.

At the same time, he vehemently lashes out at President Ion Iliescu and Vice President Silviu Brucan because of their communist past, and contrasts them with those who truly suffered under Ceausescu. Like Eugene Ionesco, he asks if it is possible that restoration of the constitutional monarchy would be a suitable solution for Romania. In this connection, he refers to Spain as the example of a country which after a long period of tyranny was able to tread the path of democracy with the aid of a kingship. "I believe that the features of guaranteed equilibrium and supreme arbitration embodied in a kingship would be symbolic of progress and therapeutically beneficial for our undisciplined, anarchistic, and quick-tempered Romanian people. The Romanian

people should decide this for themselves, however, because I am not a Romanian citizen now but a political refugee without a country," says Paul Goma.

ALBANIA

Organization, Activities of Sigurimi

90BA0058A Belgrade NARODNA ARMIJA
in Serbo-Croatian 22 Mar 90 pp 51-53

[Article by Mica Zivojinovic: "The Resources of the Greater Albanian Policy: 'Sigurimi' Controls Everything"—first paragraph is NARODNA ARMIJA introduction]

[Text] "Sigurimi" is embedded in every institution of Albanian society; sadistic interrogations by "Sigurimi" officers in camps and prisons; the judicial apparatus is just a "political stick"; Albania is preparing, arming, and drilling military or semi-military troops for saboteur-terrorist campaigns in the territory of Yugoslavia.

For more than four decades, the People's Socialist Republic of Albania has acted systematically against Yugoslavia on the propaganda front. And not only in the area of propaganda. Nationalist-separatist campaigns of destruction in Kosovo have been organized and carried out in the classical form of the special war that the Albanian intelligence service is organizing under orders from the government in Tirana.

The importance and role of the Albanian intelligence service in anti-Yugoslav policy is evidenced in part by five major purges in the Albanian leadership. They were the result of "inefficient"—in essence compromising—work by the Albanian military intelligence service and "Sigurimi," the security service, primarily in their work against Yugoslavia and her armed forces. In the first purge in 1948, Koci Xoxe was liquidated. The second one, in 1972, affected the so-called ideological cadre, who were considered liberalizers. In the third one, in 1974, Minister of Defense Bekir Balaku was replaced and liquidated, as were many generals and military attaches, and in the fourth one, in 1975, a number of economic leaders fared poorly. The fifth one began in 1982 with the "suicide" of the number two figure in Albania, Mehmed Shehu, and continued with the removal from the leadership ranks of his adherents and those of a similar mind.

The roots of the present-day Albanian intelligence and security system can be found in the era of King Zog, who because of tribal and religious divisions, frequent unrest, and the continual settling of old tribal scores did not believe the people around him, and founded the central intelligence service, which was actually his royal security service.

The development of the people's liberation movement in Albania brought with it the need to organize intelligence-security and counter-intelligence services. The first organization formed and created for these tasks was "Dreitoria Mbroites Populit," or "Department of Popular Defense." The first leader of the Albanian intelligence and security service was Koci Xoxe.

During the second half of 1946, the Directorate of National Defense was reorganized, and the Ministry of Internal Affairs was formed, which included the Section for State Security (Seksioni Sigurimit Shtetit), as it is called today. Instead of the official designation, the abbreviated form "Sigurimi" is used, which means security.

The Albanian intelligence-security service is part of the Ministry of Internal Affairs, which manages it as well as the armed forces of border, guard, sabotage, and specialized units within the framework of the armed forces. All of these services are officially under the leadership of the government and the Politburo of the Central Committee of the PRA. In fact, it is directly influenced by the first secretary of the party, who has full insight into the workings of the service and can issue assignments and check up on the work of its organs.

Where the Intelligence Centers Are

The Ministry of Internal Affairs is organized into directorates: The Directorate of the Intelligence Service was formed in 1961. Its organizational structure is adapted to that of the Ministry of Foreign Affairs. It is organizationally divided into geographic regions, with corresponding sections for particular countries or groups of countries. It is known that there are sections or desks for neighboring countries, the USSR and other Eastern European countries, Western countries, and several Asian and African countries. For intelligence work, the intelligence centers are organized within the framework of Ministry of Internal Affairs protocols, which direct intelligence organs embedded in the Albanian diplomatic-consular missions, and within the framework of the Ministry of Trade, which engages in intelligence activities through foreign trade enterprises, trade and economic delegations that travel abroad.

There are also intelligence centers at the Ministry of Transportation, especially in the enterprise for international road transportation "Transshigip." "Sigurimi" intelligence officers are assistant drivers in "Transshigip" trucks. In this way, they travel to other countries for intelligence-reconnaissance work. There is also an intelligence center in the merchant marine, in the enterprise "Albaturist," and at the University of Tirana, consisting of professors and students who pose as educational workers in order to go to other countries, under orders from "Sigurimi," and recruit cultural and educational workers who later serve as bases for the work of that center.

Intelligence centers at the departments of internal affairs in districts bordering on the SFRY are active in Shkoder,

Kukes, Peshkopi, and Pogradec. Their job is to take action throughout the territory of our country, for the purpose of reconnaissance, gathering intelligence data, supporting existing agents (created or "preserved") and creating new ones among our and their citizens, who in a certain situation would constitute small-scale armed troops—guerrilla groups that would be committed to the territory of the SFRY.

How "Sigurimi" Is Organized

The agency that does all the work of internal security, on which all the other services of the Ministry of Internal Affairs as well as the majority of social institutions depend, is "Sigurimi," which prevents activity by foreign intelligence services and persons who might engage in enemy work in Albania, and provides security for the highest party, social, and military leaders, and especially safeguards their ideas and work on "the welfare of the people in a true socialist country."

"Sigurimi" is organized into departments, and is for the most part embedded in every institution of the Albanian socio-political system. The more important departments are:

1. The Department of State Security, which is in charge of operational functions in the area of internal security, whereby it deals mercilessly with people with positions and ideas different from the official one, declaring them agents of foreign intelligence services. They fill the prisons, camps, and "cooperatives," in which doctors, professors, engineers, and other highly educated cadre "commit themselves" to working in agriculture for the term of their sentence. At the same time, it tracks and obstructs the work of foreign intelligence services and the activity of emigrants living abroad, and uncovers their connections and covers inside the country.

2. The Department of Passport and Visa Services is the only body authorized to approve travel abroad by Albanian citizens. Citizens who are approved for travel outside the country "prepare" for their tourist activities in this department, and after they return to the country they are obligated to submit a written report on their "observations" while abroad. This department also issues entry visas to foreign nationals. Diplomatic-consular missions may also issue visas to foreigners, but only with the approval of "Sigurimi's" Department of Passport and Visa Services.

3. The Department for Censorship of Postal and PTT [post, telegraph and telephone] Communication openly checks all personal mail between citizens and listens in on all conversations by way of the PTT communication system. For example, because of the detailed censorship of the mail, Albanian citizens receive New Year's messages during the first half of February, and they wait for a certain amount of time when making intercity telephone calls, for "technical" reasons.

Mail from abroad is subjected to especially rigorous censorship, including controls on the press. Our embassy

in Tirana receives newspapers after a delay of five to seven days, even if it is picked up every day in Struga, which is only 136 km from Tirana.

Everyone Keeps Tabs on Everyone Else—Foreigners All Together

4. The Department for Supervision of Camps and Prisons directly runs the camps and prisons. "Sigurimi" officers in the camps repeatedly, "for their own purposes," interrogate the condemned. The interrogations are so sadistic and humiliating that some of the convicts routinely fail to make it through to their release. Many of them decide to commit suicide or become serious mental patients. In the "cooperatives" noted above, "offending" intellectuals and artists, who perform hard agricultural labor as punishment, are continually told that only "a crazy person" would oppose the regime's "blessings." There are also foreigners in the prisons and camps, who are recruited as agents. This department also controls the forces, or rather the unit for the physical security of the camps, which is actually a specialized unit of "Sigurimi" about three battalions strong.

5. The job of "Sigurimi's" Department of Security in the enterprise "Albaturist" is to keep complete tabs on all foreigners who are staying in Albania, for whatever reason. The entire staff of that enterprise belongs to "Sigurimi" (the director, waiters, cooks, valets, tour guides, drivers, etc.), which operates using the system whereby everyone keeps tabs on everyone else, and the foreigners stay together.

6. The Department for Services to Foreign Diplomatic Personnel, through its service of maintaining residential and other properties for the diplomatic corps, ensures insight, "secret" entry, searches, and other forms of checking premises and of wiring them for sound.

Another "Sigurimi" organization conforms to the political-administrative division of territory. There are departments of internal affairs in the districts (of which there are 26) and in the cities.

"Sigurimi" conducts security assessments of populated places, and wherever it is threatened opens up an office of the department of internal affairs. It selects appropriate and reliable people from among the residents and gives them the "authority of members of the security service" and all rights in undertaking the necessary measures towards the citizenry.

The judicial apparatus in Albania has no influence and is inconsequential. It is under the Ministry of Internal Affairs as a typical "political stick." This is because public prosecutors do not exist as an institution; the preparation of investigatory materials and the handing down of the sentence is carried out by the security service, or rather "Sigurimi," while the court formally performs the court trial and reads the judgment that has been prepared in advance.

"Adhesive Bandage" for Foreigners

Every department of internal affairs in a district has a section for public security and police services. The police is organized in police stations in all towns and larger villages, in which there are also "volunteer groups of citizens" organized to help the police.

"Sigurimi" is especially active at border crossings. Under it, or rather under the Directorate of Border Units, there is an intelligence section (four officers) and a Security Section (three officers), while there is an intelligence officer and a security officer in the battalion. Security officers ("Sigurimi") have the authority to replace the command cadre of border units, regardless of their composition. At border crossings, they "receive" persons from other countries who are entering Albania for whatever reason. Everyone who enters Albania also receives, upon crossing the border, one or two "traveling companions," "Sigurimi" agents or people whom "Sigurimi" can rely on. They accompany foreigners, around the clock, in the role of "adhesive bandage."

The Ministry of Internal Affairs also has files with notes on every citizen over the age of 16, as well as a central registration office, without whose permission citizens cannot change their place of residence.

After the Resolution by the IB [Information Bureau of Communist and Workers Parties] in the last half of 1948, the Albania intelligence service began to move armed groups and units into our country, whose job was to recruit and establish intelligence contacts with citizens of Albanian nationality in Kosovo. On that occasion, armed gangs promised those who accepted cooperation that they would be given plunder and high social status in the "new state" if they helped overthrow the order in Yugoslavia and join their areas to a "Greater Albania." The groups were caught and liquidated through actions by our organs.

It must be said that these groups were prepared at special intelligence centers, and afterwards sneaked across the border into our country, where they stayed for three to four days. They were armed, well-equipped with propaganda and medical supplies, food for several days, money, and our uniforms, which made it easy for them to enter and move around in our country. Mehmet Shehu was personally involved in preparing and sneaking the agents and groups into our country. Aside from him, other leading figures in Albania were also involved.

Albania is still preparing, arming, and drilling military or semi-military troops for saboteur-terrorist campaigns in our territory in order to help the separatist movement in Kosovo, especially in the so-called "third phase" of the specialized war against Yugoslavia, when these troops would be deployed in the territory of the SFRY, and specifically in the SAP [Socialist Autonomous Province] Kosovo.

Under the leadership of "Sigurimi," groups for specialized activity in the territory of the SFRY have also been formed. These intelligence groups contain three to five people who know our territory well and who have relatives and friends in Kosovo, with whose assistance they can find out necessary information. Their task is to gather data, to create a secret organization, to choose individuals who occupy important positions in Yugoslavia, and to recruit for their purposes.

Mobilization Nuclei

The saboteur-reconnaissance groups comprise young emigrants and Albanian citizens of Yugoslav origin. The strength of the groups is the same as the intelligence groups, whereby their job is to conduct attacks on smaller parts of territorial units, sabotage on warehouses, communication centers and means of information (especially radio and TV centers), terrorist assaults on individuals, officers of the armed forces, representatives of the government, and other persons; to plant explosive devices in buildings, public places, and entrances, to poison water, food, animals, plants, etc. In the groups, there is special training of individuals for assassination, kidnapping, and burglary (theft of documents and materials).

The mobilization nuclei of Albanian operational units have 20 to 30 emigrants of Yugoslav origin, who in a given situation would be sent into the territory of the SFRY. The mobilization nucleus disposes of a battalion-strength unit, all or part of which would be active in our territory. The nucleus is essentially the officers corps of this battalion, which according to "Sigurimi" plans should be filled with recruited Yugoslav citizens of Albanian origin.

The job of the recruited members of this unit is to find several like-minded people and to bring them along for armed campaigns.

In Albania, there are three mobilization nuclei for activity in the territory of the SFRY. These nuclei are in Fier, Elbasan, and the village of Mamuras, near Ljac. Their basic job is to establish "control" in certain regions of Yugoslavia, with the focus on Kosovo.

If this job were to fail and the deployed unit were to find itself in potential wartime conditions that do not permit it to realize its established goal, then at the recommendation of the "nucleus"—i.e., the officers corps—and with the approval of "Sigurimi" the unit could possibly undertake infiltration of the armed forces of the SFRY, and through "activity from within" could sow discord and inflame animosity based on religion and nationality and a lack of confidence in our own forces, thus creating the conditions for dropping out from the units—desertion.

The formation of special forces for activities in the territory of the SFRY is yet further evidence of the resolve by the Albanian leadership to use even the

possibility of military intervention in a "favorable situation" to realize its territorial pretensions against Yugoslavia.

CZECHOSLOVAKIA

Daily Prefers Federation to Confederation

90CH0107A Bratislava CAS in Slovak 19 Apr 90 p 1

[Article by Juraj Alner: "Confederation?"]

[Text] The question may not seem topical. On the future name of the state most of those who will vote in the Parliament already are in agreement. The stage of fighting over the hyphen, it would seem, is behind us, thank God. The connecting "and" expresses, also from the linguistic point of view, a relationship of equality between both parts which it combines into a single larger whole. The term federation defines this whole precisely.

Among the public, politicians, and legal professionals there are also small groups favoring the concept of a confederation which they defend in theory. Even though they failed to win their case at the highest levels of state decisionmaking, they nevertheless expect some sort of a next stage, some sort of development in this direction in the coming years. In the theory of law, just as in economic theories, it is possible to shift concepts which are not definable precisely in accordance with the political or ideological goals of various opinion groupings. An example here is the discrediting of the federation concept by a critique of its Marxist-Leninist interpretation or analysis of its application in practice. In our country for instance the constitutional act on federation adopted on 28 October 1968 was gradually turned into purely formal legislation without respecting the sovereignty of both components of our common state. This is understandable: The principle of the Communist Party's leading role is a priori centralistic—all power is in the hands of the center, the "lower" levels must honor its decisions. The structure of Communist power and the federation principle are diametrically opposite and incompatible.

A coexistence of partners endowed with equal rights can be made possible only by a democratic arrangement of the state flowing from the equality of partners on all levels and formation of political will "from below." So now we can observe in all countries where Communist parties are losing their monopoly positions the breakdown of the centralistic concept of statehood: beginning with Yugoslavia (Tito's centralism), through our Republic, all the way to the Soviet Union, where the Baltic republics are breaking away from Kremlin absolutism—and others—are striving for at least a loosening of rigid constraints. Thus in all these cases it is not expressions of harmful nationalism but rather efforts to democratize relations between nations.

Democracy forms the basis of positive, constructive relations; it does not destroy them. It makes giving a

democratic content to the concept of federation possible. This is the goal we are striving for. What then do the promoters of confederation want? According to the commonly accepted definition it is an association of sovereign states. The ties binding them are looser than in a federation. Put figuratively, it is no longer a single house with a common roof but rather two houses standing in the same garden. Webster's American encyclopedia, which cannot be suspected of Marxism, even defines confederation as an association of two or more states supporting one another in specific projects or actions. Thus it is a marriage of convenience without a firm common state form.

Some authors refer to the existence of confederations in other countries. Dr. Kralik cites for instance the United States. In fact the United States did have a formation of this kind twice: in 1781 up to 1789, that is, before adopting a federal constitution. It was the opposite trend in comparison with ours, because the loose ties were being gradually strengthened while in our country we find a tendency to loosen the existing firm ties. In the second case 11 southern states formed a confederation in 1860-1861 after breaking away from the United States as an alliance in the war between the North and the South. Of course this example is of little use to us, similarly as the oft-cited other case, that of Switzerland. There they use the historical term of Eidgenossenschaft which goes back to a 1315 compact: allies bound by common oath. The French name of the state includes the word Confederation which has no parallel in the German language and is legally interpreted as a federal republic. But the Swiss are chafing under the strict centralism with which their country is governed...

I regard efforts to introduce to us the concept of a confederation as part of separatist tendencies. In a Europe moving toward integration I see no future for it.

Party Daily Eliminates Proletarian Slogan From Masthead

90CH0092A Prague RUDE PRAVO in Czech 2 Apr 90 p 1

[Article by Zdenek Porybny; place and date not given: "No Slogan"]

[Text] Our leading party no longer bears the slogan "Workers of the World Unite!" Some people may be surprised, others indignant, but most of our readers—I believe—will approve. This slogan, appropriate in its time, with which Marx and Engels ended their Communist Manifesto in 1848 has, in our opinion, not only lost its original meaning, it does not even express the fundamental strategy of the regenerated Communist Party. Even the term "worker" has itself become an anachronism, an out-dated relic in these times of turbulent development in science and technology, and profound changes in the social structure of modern industrial societies. Naturally, this does not mean that we should renounce the values of international cooperation and the

solidarity of all those who wish to realize the ideals of a socially just society. Furthermore—at a time when we are increasingly aware that universal problems must be resolved not through confrontation, but through mutual cooperation—it is impossible to isolate one single element of human society and set it a priori against the others. After all, even the First of May stopped being an exclusively “worker” holiday long ago.

And if we probe a little deeper, we come to the conclusion that, though the term “class struggle,” in the sense of a conflict between the owners of the means of production and salaried workers reflects a phenomenon that truly exists in the world, it must not be interpreted to be a justification for a violent power struggle that aims to seize power and install a dictatorship. In other words, revolution today does not consist of proclaiming a violent seizure of power, but of understanding and accepting the universal validity of democratic values.

That is why we are dropping the slogan which was associated with our paper at various times in history.

Minister of Defense Talks About Army, Its Future
90CH0091A Prague MLADA FRONTA (supplement)
in Czech 20 Apr 90 p 1

[Interview with Miroslav Vacek by Josef Tucel; place and date not given: “General”]

[Text] I certainly do not believe that the minister of defense could be said to have a cushy job at this time. Nevertheless, the minister’s room was warm and cozy. So I made myself comfortable, took off my jacket, and interviewed the minister in my shirt-sleeves. In my mind I took pleasure in the fact that there were no regulations prescribing what I may or may not wear. The minister of National Defence, Colonel General Miroslav Vacek, welcomed me in a meticulously buttoned uniform. Admittedly, that is only an external sign and can be deceptive, but involuntarily I wondered to what extent my companion was a soldier, used to following orders, and to what extent a politician, who would independently change these orders, and enforce and issue new ones. After all, this is also important for a person holding what is considered to be a key position in every country. So far, General Vacek has demonstrated both abilities—those of the soldier as well as of the politician.

[Tucel] I admit that my knowledge of the Army is not very good . . .

[Vacek] I thought you were going to say opinion.

[Tucel] It’s true that most people really don’t have a high opinion of the Army. Let’s face it, an officer is better off not going out at night in his uniform—not that it’s necessarily dangerous, but it could be rather unpleasant. Why do you think the Army is disliked so much?

[Vacek] After the Second World War, the Army was well liked by the citizens. But during the years of peace there

seemed to be no reason, at least at first glance, for the Army to exist, and it started to lose its popularity. Soldiers have to serve under conditions that no citizen enjoys, they are separated from their families and they suffer financial loss, since they don’t earn an income. Add to this a favorable international situation, which inevitably gave rise to pacifist ideas. Interest in becoming a professional soldier declined, parallel to the decline in the significance of the Army. We did not have much of a choice—and therefore, to a large extent, we got an influx of people who did not have the necessary characteristics, they did not even meet the intellectual requirements. I would say that most of the soldiers in basic service see the Army in its most primitive form. And the main thing they remember is the old standard drill: Forward march! Right face! Left face! About face! As a result, many people downright hate the Army now. But then, how many soldiers in basic service have had the opportunity to see what the higher staff do? There they would meet groups with college or university education who really have to prove themselves.

[Tucel] Let’s face it, we civilians are not permitted to know anything about the Army; it is all kept secret.

[Vacek] I don’t think you’re quite right. During the last seven to ten years, we did a lot to enable people to visit the soldiers in the barracks. And not only on Army Day. . . .

[Tucel] I meant that we aren’t permitted to know anything of substance about the Army. For instance, compare the United States Congress and our Federal Assembly. The American Congressmen determine exactly how much money will be allocated to defense, and they control the Army through the budget. Here, at home, I get the feeling that the only thing the Members of the Assembly know about the Army is what they remember from when they served in it. And as far as the military budget is concerned, though it comes from my taxes, I am not permitted to know how high it is.

[Vacek] It is true that military expenses are kept secret from the public, but that has nothing to do with the soldiers. I have stated several times already, that I’ll be glad when people are informed of these sums. Because once they are, it will dispel the illusion that if the money were taken away from the Army, it would suffice to build a true paradise on earth, and no one will have to work hard any more. All the Military and Security Committee Members in our parliament were always informed about expenditures on defence. But some of the Members are relatively cut off by their professions from what they are meant to be assessing. And the information at their disposal does not necessarily tell them anything.

[Tucel] It seems that you believe it should be the soldiers who make the decisions on the Army. I disagree. The Army is a special type of service. Therefore it should be controlled and influenced by the customer who is paying for it. Once again, I’ll refer to the United States. The Secretary of Defense over there has to be a civilian. Not

that I want you to lose your office, but wouldn't management of the Army by a civilian minister be closer to the concept that the Army should be subordinate to the civilian customer?

[Vacek] I don't see anything wrong in a civilian being the minister of National Defense. During the First Republic both civilians and soldiers became ministers of defense. I can't judge who was better at that time. But if the minister of defense were a civilian, I still believe that he should be a professional who understands the problems of defense.

[Tucel] A short while ago, you returned from a visit to Namibia, and you've also been in West Germany. Before that, you probably didn't have much opportunity to get to know foreign armies—of course, I don't mean the armies of the Warsaw Pact. Were you able to form an opinion on the relationship between the Army and the citizens in other countries?

[Vacek] In the past, there really was no opportunity to exchange visits with other countries. But this does not mean that we were unable to learn what we needed to know about other armies. Things are not so rosy anywhere, that one can say the Army is loved. Or if it is, then only up to the point when military planes start flying overhead. At that point spontaneous dislike takes over, whether it is here, or in the FRG. However, during the past few years the citizens in the West have developed a much better relationship with their armies than we have here. I believe that our citizens should ask themselves, whether they think we need an army. I envy Switzerland, which held a referendum on the Army. As a neutral country, it should not need one, nevertheless, the people decided they wanted one. The important thing is whether the society believes the Army to be a totally superfluous institution, or whether it believes it is a force that provides a feeling of truly healthy self-confidence, sovereignty, and independence to the state. And, of course, that the conditions of service are considered to be acceptable. I would very much like to see the Czechoslovak Army attain a similar status in the future.

[Tucel] I am sure you won't agree with me, but I believe that our military service, which lasts one and a half years, is unnecessarily long. Think of what two years in the Army were like: The soldier started his service and, to begin with, he staggered around from morning to night. Then the pace eased up, and during the second year, as an experienced old hand, he spent much of his time on his bunk. Even our neighboring countries consider 12 months to be sufficient for military service.

[Vacek] Unfortunately you are right in your description of a soldier's life. According to all teaching principles, he should start with easier conditions, and the demands on him should be increased gradually. But in reality he is driven hardest during the first month of service, so it is more difficult for him to adapt to the new environment, and then gradually everything eases off. This is caused by the inconsistency of our lowest ranked officers. You say

that a year and a half of service is a lot: That depends on how large an army we will need. Soon—maybe this fall, or maybe over the next few years—we will be able to continue to decrease the numbers in our Army. Therefore, I don't eliminate the possibility of a further cut in the length of military service; but it can't happen overnight, it must be done gradually. A smaller Army may make it possible to bring in more professional elements, so that the number of professional soldiers will increase, and the number of drafted ones will decrease. But please understand—it will depend on the situation here and in the world. For instance, many students have asked me: Why can't we just have six months of military service? I always annoy them by answering: Why don't you want only six weeks? It's simply wishful thinking, which ignores reality. It is also impossible to imagine that a soldier can stop working at 1700, put on civilian clothes, and not return until next morning at 0800. The Army must be in a state of readiness. Not so much because of the danger of war, we would be informed about that, after all, we have military intelligence. It is more, for instance, because of natural disasters. Recently I disagreed with the Members when military laws were being passed. They were arguing as to whether the Army has the right to order a soldier to help during natural disasters. A number of Members said: Let him make the decision himself, voluntarily. I ask you, what kind of democracy is that? Let's take a common example: There is a flood, and children, women, and old people are drowning—who is going to save them? Other children, women, and old people? No, they need physically fit people with the necessary technology, in other words soldiers.

[Tucel] The political apparatus in the Army is being abolished, and some officers are being released. Isn't it difficult for you, personally, to make the decision to let a former colleague go?

[Vacek] All decisions are difficult, and I wish there were an easier way. It is not simply a matter of driving people out; it is a matter of assessing their abilities and age—the latter in particular plays a large role. Under no circumstances will I make these changes in order to ingratiate myself to someone in the top administration of the country. I am doing it because it will benefit the Army. Sometimes I have been accused of hiding former political functionaries. That is not true. I have always openly stated what I want to do with political functionaries. I want to bring some into the Army, and release some into the reserves. The political apparatus made up less than 5 percent of the professional soldiers. As reasonable people, surely we must admit that there is no such thing as collective fault. Only one-third of the people from the former political apparatus—from the main political administration down to the political departments of the division—have remained. The average age of former political functionaries who remained in the Army is 34. They have college or university education which is not nearly as narrow as some people think. They can still do a lot of good for our Army. If it is necessary to throw

some-one out, it is better to choose people of my generation, because we are much more responsible for the state of the Army as it is now.

[Tucel] Too many people have memories of harassment by older soldiers—old-hands—in the Army. Why does this happen? Isn't it caused by the military atmosphere in the Army?

[Vacek] Harassment can happen anywhere. But it finds exceptionally fertile ground in the Army. People of the same age meet in a specific environment, but the Army regulations determine that someone must be subordinate. I would find it easier to blame kindergartens and high schools for it. Because that is where young people learn harassment. It is true that a person's character is formed at a very early age. Therefore there must be something wrong in the way we education children both at home and in the schools. But what I find significant is that we have not succeeded in eliminating harassment here. I am sure that an officer who is clever, intelligent, and diligent, is capable of educating people, and such an officer will not have any harassment in his unit. On the other hand, the horrors of harassment can now be found in the units of those officers who do not have these abilities. I dare say that having better professional soldiers, would be the first step toward getting rid of harassment.

[Tucel] But where will you find them, since people are not exactly tripping over themselves to get into the Army?

[Vacek] I am hoping for two things. First, that the number of soldiers in the Czechoslovak Army will be reduced as a result of the negotiations in Vienna. This would allow us to get rid of those professional soldiers who do not provide the right kind of education. Second, many of the requirements of the past have been eliminated, for example, the fact that people with religious beliefs were forbidden to become officers, etc.

[Tucel] At this time it is probably difficult to find anyone willing simply to obey and to follow orders. Particularly since he will not be allowed to make independent decisions until he finally becomes a higher officer or a minister.

[Vacek] I went through all the officers' ranks, and did not get that impression. To the contrary: you are able to perform your job better at the lower levels, where you can see the results immediately. And if you make a mistake, you can correct it instantly. But once you are a minister, you issue orders that sometimes arrive lower down the ladder in such a distorted form, that you wonder what happened. When I was officer of a platoon, I knew that I has three tanks and twelve soldiers under me, and I knew each of them well. I still remember them. Perhaps we had a better relationship than is the norm today. Even now, I hear from one or another of them from time to time; several wrote to me when I became Minister.

[Tucel] Why did you actually decide to join the Army?

[Vacek] Don't forget that when I entered the military high school in 1950, five years after the war, military schools were truly exclusive, something that is no longer the case, unfortunately. But I never regretted becoming a soldier.

[Tucel] Well, you did make it all the way up to becoming minister . . .

[Vacek] I know that many of my contemporaries, who were just as intelligent as I, certainly had many other virtues, but they did not become generals, nor did they become ministers. However, I didn't get everything I hoped for, either. For about 25 years I actively pursued athletics; I shotput and threw the hammer, and my dream was to become a physical education officer. Well, I did not succeed. I wasn't even able to achieve as much in sports as I wanted. The main thing is that I have continued doing sports up to the present. I am very busy now, but I still go swimming at 0530 in the morning twice a week. As a rule, I swim one kilometer. Two to three times a week I play tennis, even in winter. I served in Karlovy Vary for about seven years, and really liked golf. It is an enjoyable game, even if some people consider it to be snobbish—the same attitude they once had toward tennis. I would like to learn to play it when I retire.

Throughout our conversation, during which Miroslav Vacek did not sidestep answers to unpleasant questions, I wondered repeatedly to what extent the Minister was an uncompromising soldier. During the interview in the warm study, he took off his jacket with the general's stripes, and casually he carelessly draped it over the doorknob close by. After we said goodbye, he returned to the desk where we had been sitting. He carefully arranged the chairs, so that they were standing in their precise positions.

GERMAN DEMOCRATIC REPUBLIC

FRG Daily Profiles CDU's De Maiziere

90GE0127A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 19 May 90 p 3

[Article by Monica Zimmermann: "He Knows When He Has To Be Tough"]

[Text] West Berlin. 18 May. What is the difference between him and Helmut Kohl? "Weight," replies Lothar de Maiziere and leaves open whether he means physical or political weight. The fact that the two heads of government in Germany are an unequal pair is obvious. Even when signing the treaty in Bonn, the powerful Kohl towered over the delicate de Maiziere. But anyone who initially thought that this external difference was symptomatic of the way the two associate with one another was soon disappointed. Lothar de

Maiziere the politician is in many ways more similar to Helmut Kohl the politician than most believe.

Lothar de Maiziere has achieved two things in a short time: First, he has proved those wrong who wanted to measure his political format by his physical size and had thought they could expose his delicacy as lack of toughness. Second, he has not dispersed the doubts as to whether he, who had never before clamored for the limelight, might not enjoy the high office to which he unexpectedly arrived—and possibly enjoyed it more than would be in the interest of the cause. Because the faster the unification of the two nations comes, the faster the post of prime minister of the GDR will become superfluous. But Lothar de Maiziere has not yet displayed any lust for power. He also has not shown any aversion, however. Some who initially were fooled by him wonder primarily about the strict regimen that he maintains as party chairman as well as head of the government. "I assume that I am the prime minister and Mr. Eppelmann the minister," is an example of how he nipped all speculation in the bud that his defense minister might possibly think and act differently on disarmament and alliance issues. Lothar de Maiziere no more gives up his willingness to show strength than his instinct for when and where strength is required.

Nevertheless, there are from time to time situations in which Lothar de Maiziere lets it be known that he would now rather take a viola in his hand and quietly make music instead of starting to speak about an important government declaration. In such situations, which chiefly occur when too many people pester him, he may appear moody. The timid voice then appears cutting and the alleged insecurity switches to determination. And when a journalist's question doesn't suit him or it seems to him to be a repetition of what has already been said, he gives answers which backfire on the one asking it. Although in the beginning Lothar de Maiziere was of the opinion that public appearances were nothing but a dreary affair and something to be avoided if possible, he quickly recognized their necessity and is now more and more professionally making use of this important political instrument.

No professional adviser would have advised Lothar de Maiziere to become a politician. He is almost the anti-type and anything but an orator: his voice is too low and he does not make any effort to speak louder; he has a slight lisp and sometimes he mumbles the words to such an extent that it is difficult to understand him. That he, who originally wanted to become a musician and only gave up this dream job because he got a nerve inflammation from the constant friction of the viola bow, even joined a party in 1957 can perhaps only be understood under the special circumstances in the GDR. As a (simple) member of the GDR-CDU [Christian Democratic Union] he could save himself some trouble and satisfy that minimum of political activity which in the GDR was the precondition for even getting a foot in the

door. At the same time his membership in the CDU guaranteed that he didn't have to join the SED [Socialist Unity Party of Germany].

He has performed a similar high-wire act between adaptation and rebellion in other ways as well: As a committed Christian and member of a synod of the Lutheran Church, on the one hand he was in natural opposition to socialism, but on the other he belonged to those "oppositional ones" who were given the greatest freedom by the atheistic state. And as a lawyer, which he became after he had to give up his career as a musician, he was tied to the laws of an unconstitutional state, to be sure, but he was able to appear as a defender of those who had come into conflict with the law primarily for political reasons. Thus, de Maiziere the Christian intervened above all for draft resisters, who had a particularly difficult time in the GDR, where there is no civilian alternative service.

Even now as prime minister he is to some extent not easy to categorize. Because neither he nor his party can boast that they contributed so much to overthrow the old regime that they can now legitimately form the new government, while others, who resisted much more actively must now play the role of opposition. Nevertheless, no one can deny that he or his party emerged victorious from the first free and democratic election. Lothar de Maiziere has a mandate to govern, but simultaneously he also has the task of putting an end to his government as soon as possible by merging the GDR and the Federal Republic. Even if Lothar de Maiziere adheres strictly to this task from the majority of the people and vigorously pushes for a union, one doesn't need to know him all that well in order to suspect that a somewhat slower pace would be more to his personal liking—not in order to conserve any alleged socialist achievements, which on closer inspection turn out to be nothing but signs of backwardness, but in order to make the leap into the new era a little more gentle or more socially bearable for the people in the GDR.

As the husband of a Charity Hospital nurse, as well as the father of three daughters, Lothar de Maiziere as prime minister also has not lost contact with reality or his eye for realities—as used to be characteristic of national and party leaders in the GDR. He still lives in the thoroughly middle-class-furnished home in Treptow where he has lived for many years. The fact that he now has no time for anything but governing is among the quiet depressions of which the prospect of a preprogrammed end to his just begun political career have given him a taste.

"Modesty"—was Lothar de Maiziere's answer recently to the question of what it is that the Germans in the FRG might, for example, learn from those in the GDR. His own personal modesty has not kept him from self-confidently representing the interests of the GDR towards the FRG, which may have surprised some who assumed the CDU politician was simply an agent of the Bonn government. But Lothar de Maiziere feels that first

of all he is obligated to the people in his country, and as long as he is prime minister, the name of this country is the GDR.

FRG Daily Profiles East SPD Caucus Head

90GE0127B Frankfurt/Main FRANKFURTER
ALLGEMEINE (BILDER UND ZEITEN weekend
supplement) in German 19 May 90 p 3

[Article by Heike Schmoll: "The Possession of Power Corrupts the Free Judgement of Reason—Richard Schroeder, A Non-Marxist Philosopher in the GDR"]

[Text] It is uncertain whether the German ZEITSCHRIFT FUER PHILOSOPHIE in the GDR will continue to appear. There is neither a lack of paper nor of printing capacity but of philosophers who had not devoted themselves to Marxism with body and soul. Entire philosophy departments have been dissolved at the universities. Before the turnaround every college graduate, even theology students, had to complete a basic Marxist-Leninist course of study. It is completely unclear what will become of the professors and lecturers in these departments. The supporting ethical and philosophical system lost its validity from one day to the next, and left behind a scarcely imaginable lack of orientation.

Teachers also do not know what to teach their students in political science classes, now called social science, in school. Bewildered, the teachers come to the clergymen in order to be instructed. The latter are able to take part in anything they want, as they themselves admit. In communities, in politics, at nearly all the roundtables in the cities they are used as moderators. In addition to this pleasant upgrading after decades of repression, some already recognize the danger of becoming sidetracked and not being able to fulfill their actual duties. By now there is a great need to catch up on Christian matters.

The only real free space within theology and the humanities in the past was offered by the theological schools. It was not by accident that they were hotbeds of resistance in many places. But students as well as lecturers had to pay a price for their freedom: These institutions of higher learning were not recognized by the state, and their degree procedures therefore were not valid.

Like his colleagues in the clergyman's office, Richard Schroeder, chairman of the SPD [Social Democratic Party] caucus in the People's Chamber, is being showered with things to do. He sits exhausted in his room in East Berlin, in the former National Council building. He wants to keep his lectures at the Theological Seminary, at least four hours a week, because the former East Berlin Theological Language Seminary, presently the Theological Seminary of Berlin-Brandenburg, needs him urgently. He is the only non-Marxist philosopher in the GDR, a specialist in Aristotelian philosophy, who started out as a theologian. His assistant followed him in his leap into politics and is now also working for the party.

Schroeder, born in Froberg as the son of a pharmacist, was raised as a Christian, was not a member of the Pioneer organizations and did not participate in the youth consecration. For that reason his access to the upper school and to the universities was blocked. "I only have two certificates recognized by the state," he tells jokingly, "my driver's license and my eighth grade diploma." Everything from high school graduation to the final examination at the Language Seminary and his doctoral degree was only valid for the ecclesiastical documents.

Schroeder has already been in conflict for criticizing church positions and explanations. To "provide analyses where necessary is also a Christian duty," in his opinion. The leading politicians of today's SPD had occupied themselves since the mid-eighties with Hegel's historical philosophy and other contemporary philosophical-theological issues in a joint "working group for theology and philosophy" in East Berlin, far from the state's control. Ibrahim Boehme, Martin Gutzeit, Markus Meckel, and Arndt Noack are only the most well-known members of the group. At the 200th anniversary of the French Revolution and the human rights declaration, Schroeder brought up the history of the European concept of freedom. "Free Citizen—Free Human" was the title of the three-part paper, which apparently stimulated some of the seminar participants to publish the call to found a social-democratic party during this time.

His most recent article, probably the only contribution to the May issue of the ZEITSCHRIFT FUER PHILOSOPHIE, asks about the place of philosophy and its tasks in the GDR. "Not too close to the power, in order to avoid corruption, but close enough to the public in order to be heard," is the first definition of his position, before he turns to the state of philosophy. Those who were looking in the philosophical textbooks found only stones instead of bread; the thinking was uniform and could only move over previously cleared paths; the language was predetermined and useless for free discourse. "This path was paved with flat answers to serious questions; the walls distorted other serious questions and even blocked access to the texts of Marx and Engels, which used to be read only from preselected pages and quoted out of context," Schroeder writes.

The perversion of philosophy into a state-supporting school of philosophy was already predetermined with its basic acceptance. In the country's philosophical textbooks everything turned around a so-called "basic philosophical question." This was supposed to be the foundation for all previous philosophical models and only have been corrected by Marxism and Leninism. The philosophers' basic question was therefore not the "basic question of philosophy," Schroeder reasons; for over 2,000 years they had not only not solved their question correctly, but had not even been able to put it correctly.

The former GDR philosophy thus did not only distort any serious approach to Marx's and Lenin's systems, but to the history of philosophy in general. Anyone who really wanted to get involved with this history could only

do so at church-run institutions of higher learning, a few theological departments at the state colleges or secretly in one's own study, preferably equipped with books from the West. Although Marxism takes a special interest in history, consideration of our own history never went as far as critical historical research. The doctrine of the "basic philosophical question" was nothing but a rather flat alternative in accordance with existing textbooks. There were only two answers, the materialistic and the idealistic. This dualism then dominated the entire structure of thought. Accordingly, the doctrine of the basic philosophical question was itself an instrument of the class struggle, the "fixed orientation point for distinguishing materialism and idealism clearly from each other in all their historical variants" and for being able to combat idealism, as one of the teaching philosophers says.

In this manner philosophy is also degraded to a tool. Effectiveness replaces truth and becomes a decisive criterion. The most unphilosophical of all methods philosophizes "without prudence," and the "lack of prudence in this philosophy definitely has something to do with the lack of prudence in the former politics of our country," Schroeder concludes and refers to Kant: "It is not to be expected that kings would be philosophers or philosophers kings, but it is also not desirable; because the possession of power unavoidably destroys the free judgement of reason."

To ask about the history of the usual doctrine, which as an instrument of power served to secure the unity of the party line and to identify the enemy, would have been ruinous. It would then have turned out that the history of this doctrine is by no means as uniform as alleged. Then the danger of a party once again emerges, which not only demands the unanimity of its members but their unity regarding a uniform world order of the comrades. "The unity party is a waste of competence, because it replaces opinion formation with the distribution of duplicate opinions," Schroeder soberly writes.

In order once more to learn how to form free and independent opinions, philosophy will now no longer deliver preformed instructions for action, but follow its very own task of critical accompaniment. This will also have practical consequences. Schroeder proposes the introduction of philosophy instruction in the schools. At the universities basic philosophy study is to be open to students of all departments. In the philosophy departments students specializing in the subject in the future will be able to study without using the one and only approved textbook. But where will the lecturers and professors come from? Even after the turnaround Schroeder continues to be accused by the former school of philosophers of "intellectual dishonesty and manipulative demagoguery." At East Berlin's Humboldt University people even maintained that they could purify the department of philosophy by replacing the obligatory basic course in Marxism-Leninism with studies in psychology, sociology, and Marxist philosophy.

Schroeder even accuses the churches in the GDR of failing in a fundamental conflict with school-taught Marxism-Leninism. The church could not escape being influenced by the thinking, although to a minor extent, even though it preserved the only socially and spiritually free space. Being in opposition to the state lent it an internal stability and unity, which now no longer exists. For theologians as well all the criticism of the state often produced a painful realization that the breakdown was not founded in the SED's [Socialist Unity Party of Germany] perversion of the socialist idea, but in this idea itself. The alternatives of just socialism and the definitely more inhuman capitalism in the heads of an equally large number of people led to the attempt to justify repeatedly the proximity of socialist and Christian thinking. Only in this manner is it possible to explain the massive reservations of some clergymen against the introduction of a West German church tax system.

Clearer than many clergymen, who did not want to dismiss abruptly the old GDR church and thus a piece of their own identity, scientific theologians therefore also recognize the church's most urgent task: In a sea of disorientation, it must at least set the standards for orienting life. It will also have to take over teaching religion in the schools; a subject called religious knowledge in an ideologically neutral school is nothing more than a Utopian construction.

You then automatically arrive at the prospect of "ideology and hair cut according to taste," Schroeder says. In these confused times only those in the GDR have not lost their orientation, for whom ideology and taste are not on the same level and for whom there was a continuing commitment. That the typical representative of the modern industrial society does not set definitions through convictions but through needs is now not only a phenomenon specific to the GDR. Where the centralized world order, which was not really a conviction, has become obsolete, the question of needs fills the ideological vacuum. "The attempt at defining what people determine using a concept of need is intrinsically skeptical," Schroeder states and perceives a union of reason and faith in the fact that both are acts of recognition and acceptance.

He believes that the point of the repeatedly used comparison between Christ and Socrates with all its differences is that people stand up for a conviction so unconditionally that they are prepared to die for it. He believes that to contribute to convictions once again becoming leading and life-orienting forces is a duty in education policy for the churches. He describes the decision of the Association of Protestant Churches not to take over religious teaching out of fear that the church will be overly close to the state as reckless. Meanwhile, in church leaderships in some places the opinion continues to be represented that one has already capitulated on the church tax by having decided in favor of the West German system; this will not be repeated in the matter of teaching religion.

"An artificially retained 'GDR identity' is, on closer inspection, nothing but moralistic provincialism and neither Christian nor sensible," Schroeder soberly determined in another connection. It will be of decisive importance not only to the churches whether one will be successful in achieving a balance between historical remembrance and treatment and a turnaround in thinking, which will lead to a responsible awareness of new tasks in society. The danger of continuing to fill the GDR's cellar of historical corpses or retiring to the "GDR identity nature reserve" is not yet past.

HUNGARY

Statues in Public Places Turned Into Scrap Metal

25000728C Budapest *MAGYAR HIRLAP* in Hungarian
4 May 90 p 13

[Text] An advertisement that appeared in one of the comic newspapers not too long ago turned out to be true: Ferrofem Hungarian-Austrian joint enterprise is purchasing statues that were erected in public places and have been officially removed, at officially established scrap metal prices.

As Sandor Varga, sales director of the limited liability corporation, said, the advertisement that appeared in UJ LUDAS was originally meant to be an April Fool's joke. To discourage people who take it upon themselves to destroy the statues he added that those who offer destroyed monuments for sale must prove the origin of the monuments, as with other non-ferrous metals.

Torgyan on FKgP Political Strategy

26000706H Budapest *NEPSZABADSAG* in Hungarian
23 Apr 90 p 5

[Interview with FKgP legal counsel Dr. Jozsef Torgyan, by Istvan Tanacs in Szeged on 21 April: "Jozsef Torgyan: No Market Economy Without Land Ownership; The FKgP Wants To Fill the Interior and Justice Ministers' Posts"]

[Text] In the new parliament the FKgP [Smallholders, Agricultural Workers, and Citizens Party] intends to play the role of the index on the scale. By all means, the Smallholders want to become part of the power structure, according to FKgP legal counsel Dr. Jozsef Torgyan at the party's Szeged grand rally on Saturday, because this is the only way the party will be able to fulfill the promises it made during the election campaign. According to their calculations the FKgP is entitled to several ministerial and state secretarial posts. This is being recognized in regard to the post of the Minister of Agriculture, but the FKgP also claims the posts of the state minister and the ministers of the interior and justice.

The FKgP believes that the new parliament must amend the constitution as soon as possible, so that a two-thirds majority vote is not required on important matters. The

ruling coalition now being formed will not command a majority of this size, thus the opposition could defeat individual proposals advanced by the government. Verbatim, the legal counsel put it this way: "We will not permit in any respect a parliamentary conduct which renders the workings of this government more difficult."

At a press conference after the grand rally the NEPSZ-ABADSAG county reporter asked a few questions of Dr. Jozsef Torgyan:

[Tanacs] On the night of the second round of the elections MDF [Hungarian Democratic Forum] leaders expressly delimited themselves from your 1947 land program. How did you succeed in convincing them since that time?

[Torgyai] We may claim that in a market economy property is the basis for everything. Without land ownership there is no market economy.

[Tanacs] Was the MDF leadership not aware of these arguments before? Or did you suddenly convince them of their truth?

[Torgyai] I believe that they were unaware of the details before, because they were busy with the election skirmishes.

[Tanacs] If your arguments hold true in regard to land ownership, the arguments must also apply to other forms of property: shops, plants, real estate. Would the coalition now being shaped also return other property to its owners or their heirs?

[Torgyai] These would also have to be returned, according to our position. But since we obtained only 12 percent of the vote in the elections, we established as a condition only the acceptance of the land ownership aspects of our position.

[Tanacs] In specific terms, what did you mean when in your speech you talked about a "sudden, dramatic effect" it would have on leaders in the countryside if the post of the minister of the interior were to be filled by the FKgP?

[Torgyai] It would create an uplifting effect in the countryside if we were to receive the post of ministry of the interior.

[Tanacs] The very fact of controlling that ministry?

[Torgyai] The very fact.

[Tanacs] What did you mean when you said that you would not permit any kind of parliamentary conduct which renders the workings of the government more difficult?

[Torgyai] I hinted at the fact that if in the upcoming critical situation the government becomes the subject of constant attack, this will render the government unable to function. We must press every opposition representative to operate as constructive opposition.

[Tanacs] What means would you use to press the opposition representatives?

[Torgyai] Extremely serious legislative development, and more detailed committee work.

Torgyan on FKgP Prospects in Government

26000706F Budapest NEPSZABADSAG in Hungarian
19 Apr 90 p 5

[MTI report]

[Text] Following the [FKgP—Smallholders, Agricultural Workers, and Citizens Party] parliamentary faction meeting, Jozsef Torgyan spoke to journalists. Among other things, he stated that according to the view held thus far, the FKgP would by all means like to acquire one of the vice presidential posts in Parliament. From among the permanent committees they contend for the chairmanship of the state security committee; they will not yield in this matter because they feel that the MDF has the best chance of filling the prime minister's post and the post of the president of the republic, and that it may be expected that the Alliance of Free Democrats [SZDSZ], the second largest party, will fill the post of president of Parliament. The FKgP insists on the chairmanship of the state security committee because if it does not acquire that post, the party will be left out of controlling power, and this, according to Torgyan, would lead to a rift. They are firm in their demand for the chairmanship of the permanent parliamentary committees on agriculture, as well as on law and the judiciary.

Torgyan Leads FKgP Parliamentary Faction

26000706E Budapest NEPSZABADSAG in Hungarian
19 Apr 90 p 5

[Interview with Istvan Prepeliczay, FKgP national executive secretary, and Gyorgy Balogh, FKgP vice chairman, by Tibor J. Keri; place and date not given: "Jozsef Torgyan Leads the FKgP Faction; the Vice Chairman's Daughter Got Into Parliament as 'Cotton'"]

[Text] Yesterday the National Assembly representatives of the FKgP [Smallholders, Agricultural Workers, and Citizens Party] were called to a meeting. What did the legislators talk about? We asked this question of the party's national executive secretary Istvan Prepeliczay.

[Prepeliczay] The most important thing we did was to elect the leader of our party's delegation, and we made a decision on whom to recommend as one of the vice presidents of the National Assembly.

[Keri] Who are these people?

[Prepeliczay] Dr. Jozsef Torgyan will lead the delegation. Further, if we provide a new vice president for the National Assembly, we named our party chairman, Vince Voros, for this post. In addition, we assessed

which representatives of ours should serve in what parliamentary committees, based on their qualifications and expertise.

[Keri] Are you seeking leadership posts in individual committees?

[Prepeliczay] We are not dealing with this issue at this time. For the time being we have only assessed the education and the professional accomplishments of the representatives. We will decide on this basis whom to delegate to which committee, and which committee leadership posts to claim.

[Keri] Were coalition negotiations discussed?

[Prepeliczay] No, we dealt only with our parliamentary delegation.

[Keri] You, as the second man in the party, accepted neither the leadership of the delegation, nor the possible vice presidential post in the new parliament. Could we conclude as a result that you will become the new minister of agriculture in the new government, or perhaps the deputy prime minister?

[Prepeliczay] No, I intend to continue working in the party leadership, as long as I enjoy the confidence of the party's general meeting. At the same time, if the party interest demands that I accept some post in the government, I will subject myself to such interest. But I have not changed my position in advocating that a professional should be heading the Ministry of Agriculture. (Istvan Prepeliczay in an electrical engineer—ed.)

[Keri] What is the party leadership's view regarding a report that appeared in PESTI HIRLAP the other day, according to which Smallholder leaders in a few counties—in Borsod-Abaúj-Zemplén, Hajdu-Bihar, and Bekes counties—"revolted" and began independent coalition talks?

[Prepeliczay] This report is in error. We have no idea how such a report could have been published. On top of that, they are confusing two issues. By mere coincidence the leaders of those three counties took part in the leadership conference. And not just three of them negotiated, but six of them, and somehow these three names were brought out. Another fundamental error is the statement that they negotiated on their own. The truth is that they negotiated as they were instructed by the party leadership. And these were not coalition talks; the exchange of views with MDF experts pertained to our agrarian program. Accordingly, this is how this report would be true....

[Keri] I would like to ask you to confirm or deny a report. Word spread that one of the FKgP vice chairmen, notably Gyorgy Balogh, placed his daughter and his former female colleague on the national slate without the knowledge and agreement of the party leadership. They made it into Parliament and became representatives. And there is great outrage about this; some want to take "revenge" for this action.

[Prepeliczay] Look, I cannot comment on this matter. Mr. Balogh is here in the other room, ask him!

Vice chairman Gyorgy could indeed be found a few rooms away. The question was the same. The vice chairman was willing to respond.

[Balogh] It is indeed true that Mrs. Istvan Hajdu, an assistant at the Horticultural University and a deputy department head, is my daughter, and that at present she is a National Assembly representative of our party. It is also true that my former colleague, Mrs. Jozsef Lakatos, is a member of the general meeting at Erd, and that she got into Parliament on our national slate.

[Keri] Where was she your colleague?

[Balogh] At Autoker, where I served as business director for 37 years. She was a department head. But she is of peasant origin, and all of her relatives were members of the Smallholders Party. She provided us with a home at the time the party had no premises.

[Keri] Where?

[Balogh] At her office. And all along, as long as we did not have an office, our party headquarters operated out of her office. This much about my relations. As far as the national slate is concerned, our party's expanded political committee put together the list of candidates for representative. This took place in an entirely proper way. When we got to the 18th place Dr. Bela Kovacs, a member of the political committee, suggested that we also place women on the slate. This is how my daughter became the 18th and Mrs. Lakatos the 22nd candidate. Previously we had counted only on 14 representatives running on the national slate, so we wrote in the rest only as "cotton," [to stuff the slate]. And then we were pleasantly surprised that they got into Parliament. Those who complain today are primarily persons who were not elected as individual candidates or on the county slates. I can prove the truth of the statement, irrespective of how some individuals try to bother me....

FKgP Authorizes Coalition Talks

26000706G Budapest NEPSZABADSAG in Hungarian
21 Apr 90 p 5

[Article by K.J.T.: "FKgP National Conference: Authorization To Hold Coalition Negotiations"]

[Text] The FKgP [Smallholders, Agricultural Workers, and Citizens Party] held a national conference. Members of the party's political committee, its National Assembly representatives, supervisory committee members, and county leaders participated. Participants at the national conference approved negotiations with the MDF and with the Christian Democratic People's Party to be initiated by the FKgP, and designated five persons responsible for the coalition negotiations. These are: Party Chairman Vince Voros, Executive Secretary Istvan Prepeliczay, Vice Chairman Ferenc Nagy, party legal

counsel Jozsef Torgyan, and National Supervisory Committee member Dr. Gyula Kiss. The national conference also authorized these five persons to include other persons in the negotiations among parties, if needed.

Those present at the national conference prepared a draft letter addressed to the Minister of Agriculture:

"Respected Mr. Minister!

"The malicious sale of the peasantry's and the citizens' property continues unchanged, according to credible information received from several parts of the country.

"The FKgP leadership once again registers its protest in the firmest possible terms against this practice, and calls upon the Ministry of Agriculture to instantly cease the selling out of property, and the reduction of property value (e.g. the ruthless exploitation of forest resources).

"We will be forced to initiate proceedings to hold persons to account, unless this call does not produce results.

"The participants also drafted a statement in which the FKgP firmly objects to processes that have evolved in the Hungarian economy, which do not serve the purposes of economic development, but support the salvaging of power by the former political and the present economic leadership stratum. These processes take shape in the form of companies operated with the help of state capital (limited liability corporations, stock corporations) whose profits may not be regarded as state property. Conference participants also find unacceptable the increasingly strong manifestation of actions to transfer land ownership and use rights in state farms and producer cooperatives. They call the attention of state farm and producer cooperative leaders to the fact that according to present law, they may be held personally responsible for the transfer of state owned or cooperative land, in due regard for the anticipated changes."

After the conference we asked party spokesman Vilmos Bereczki about the urgency of forming a coalition negotiating committee:

[NEPSZABADSAG] Contrary to your previous position you could not wait for a decision to be rendered by the national general meeting. Were you concerned perhaps that the general meeting could void these agreements?

[Bereczki] Not at all. Simply: The country's economic situation rendered the appointment of the committee an extremely urgent task. The general meeting could veto anything according to our party's bylaws, thus if the delegates do not approve of our decision on 28 April they have the right to void this decision.

1947 Land Ownership Conditions Focus of FKgP, MDF Coalition Talks

*26000706D Budapest NEPSZABADSAG in Hungarian
19 Apr 90 p 5*

[MTI report: "Joint Statement by the Hungarian Democratic Forum (MDF) and the Independent Smallholders, Agricultural Workers, and Citizens Party (FKgP)"]

[Text] On Wednesday, the MDF and the FKgP forwarded a joint statement to the MTI according to which the two parties mutually accept each other's agricultural program drafts as the basis for coalition negotiations, and both envision a possibility of finding a common denominator.

The two parties find the settlement of proprietary conditions, and the strengthening of private ownership to be necessary and indispensable.

Based on this, the two parties request the justice minister and the minister of agriculture and food to draft legislation for the rapid rehabilitation of land ownership, including a program that may be implemented quickly. It is necessary that the new law based on land reform utilize the land ownership conditions that evolved as of 1947 as its basis, and that it remedy the distorted land ownership conditions.

In addition to maintaining a functional agriculture, the parties intend to do justice to our peasantry for injustices suffered, the statement underscores in conclusion.

The document was signed on behalf of the MDF by Chairman Jozsef Antall and other officers of the party. On behalf of the FKgP, Deputy Executive Secretary Jenő Gerbovits and several other members of the party affixed their signatures.

ROMANIA

Romanian Gypsy Nation Demands Justice, Full Minority Rights

*90BA0103A Budapest BESZELO in Hungarian
31 Mar 90 pp 26-27*

[Draft Text of Demands of the Romanian Gypsy Nation]

[Text] We, the Romanian Gypsy Nation, to ensure the implementation of our fundamental human, individual, and collective rights, demand the following from the Romanian Government [now] setting out on the road to democratization:

1. A democratic (just) census
2. The inclusion of the heading "Gypsy" on the census forms
3. The representation of Gypsies in the organizations of state administration in proportion to the size of the Gypsy population

4. The truthful, undistorted, and unfalsified exploration of Gypsy culture and history

5. The establishment of independent Gypsy research institutions with equitable (complete) subsidy

6. The establishment of Gypsy native-language educational institutions

7. The publication of textbooks in the Gypsy language

8. The instruction of traditional Gypsy trades in trade schools

9. The licensing of traditional Gypsy trades operating in the form of a capitalist-private industry, cooperative, or corporation

10. The establishment of Gypsy music schools

11. The engagement abroad of Gypsy musicians and artists under exclusively Gypsy, and not Romanian, names

12. The training of Gypsy language teachers in the institutions of higher education

13. The establishment of a Gypsy folk museum

14. An entirely Gypsy administration in Gypsy villages (mayor, police [chief], etc., since they would understand the Gypsy mentality and behavior best!)

15. The mandatory general use of the Gypsy language in villages with a Gypsy majority

16. The right and support to form the top Gypsy organization, i.e., the National Salvation Front of Romanian Gypsies, which anyone could join without regard to his or her political conviction

17. The representation in Romania of Gypsies [living] abroad

18. The representation abroad of Romanian Gypsies

19. An official apology by the Romanian Government for all crimes committed to date against the Gypsy nation

20. The restitution by the Romanian Government for demolished Gypsy settlements

21. Legislation making the mocking of the Gypsy nation or a Gypsy individual punishable by law

22. The repeal of the Ceausescu-Hitler racist law (because it discriminates), and the same punishment for the legislators as for the creators of the Nazi-German racist law (Article 12, Order 13 July 1985 of 8055/ICM, which prescribes revoking the drivers license of those driving cars owned by Gypsies, etc.)

23. Separate training and units for Gypsies in the Romanian Army

24. The denunciation of and separation from the racist and fascist-chauvinist era of their predecessors by the reviving parties (e.g., Maniu)

25. The use of Ceausescu's \$1 billion assets, deposited in Switzerland, for compensation to nationalities living in Romania because most of these assets originate from selling Germans and Jews;

So far, only the anti-Jewish, anti-German, and anti-Hungarian oppression has had any international reverberations in connection with Romania. Now we Romanian Gypsies, too, must let the entire world know that, until now, such a degree of oppressive and assimilative policy has weighed on us in Romania that no other nation could have survived. We demand far-reaching guarantees for the Romanian Gypsy nation's rights which would be exemplary for the entire world and would elicit the Gypsy nation's appeasement. This is the only way in which the Romanian nation can prove to the entire world that it can finally become European and that it wants to be a part of Europe.

In the event that our demands remain unfulfilled, we will feel compelled to turn to international forums and will continue to consider the Romanian policy an oppressive, racial, and fascist policy.

YUGOSLAVIA

Need To Confiscate Arms From Kosovo Separatists

90BA0027A Belgrade INTERVJU in Serbo-Croatian
2 Mar 90 pp 10-12

[Text] Separatists are supplying themselves with weapons and ammunition from our police and military depots and warehouses, as well as from abroad. Pistols are sold like potatoes, or more accurately, like poultry, at markets in Podujevo, Gnjilan, Uroševac, Titova Mitrovica, and Presevo, but also in Skoplje, Tetovo, and Gostivar.

New incidents of unrest in Kosovo are assuming more dramatic tones every day. Armed separatists are not shrinking even from terrorist acts. In Titova Mitrovica a group of nationalists attacked a militia patrol and filled the engine of a squad car with holes. Experts say that this could have been done only with a bullet from a .357 Magnum pistol or a bust from a submachine gun. Albanian terrorists are armed and are still arming themselves. The facts indicate that they were recently interested in purchasing two mountain guns from their suppliers in the West. Since 1981, when incidents of unrest began in Kosovo, the interest of the populace in armaments has sharply increased. In the course of 1988 alone, 11,000 citizens made requests to bear arms there, more than in all the republics and Vojvodina put together.

There are about 65,000 legally owned light weapons in Kosovo. The exact number of illegal owners is not known, but it is assumed that the Yugoslav "factor of

five" is also in effect here and that the populace has another 300,000 "guns." As the Republican Secretariat of Internal Affairs in Serbia has informed us, 5,000 pistols of various kinds, 427 military and 74 automatic rifles, seven light machine guns, 117 hand grenades, 1,446 hunting rifles, 17,500 rounds of ammunition, more than 8,000 kilograms of explosives, and 146 incendiary devices were taken from the populace in Kosovo between 1981 and the beginning of 1988.

The Prizren Connection

A good part of this arsenal was related to Albanian separatism and terrorism, since a good 17 raids took place in Kosovo during this period. Some 143 pistols, 67 military carbines, five submachine guns, 27 hand grenades, around 100,000 rounds of ammunition, and a lot of explosives and incendiary devices were taken from separatist groups. In order to obtain weapons and ammunition, separatists have also carried out an attack on the Zur and Suva Reka militia station. In attacks during 1989, they destroyed two police helicopters, 34 official vehicles, and an armored car. This year, in addition to the police vehicles and property, those of citizens, private owners, and organizations have also been damaged.

The January and February incidents in Kosovo did not cause any commotion on the firearms market, since the separatists armed themselves years earlier. One of the most plentiful sources for their arms was, unfortunately, our military and police storehouses. For a full four years Sergeant Valentino Hesko and Sergeant Milan Vukovic, with accomplices, took and sold enough ammunition from a military base in Prizren to equip a whole division. Four noncommissioned officers and 14 militiamen also participated in that theft of 300,000 rounds of ammunition from 1982 to 1986. Ali Buzaku, warehouse clerk of the Republic Secretariat of Internal Affairs in Prizren, stole four pistols and fled with them to Albania. His colleague from Novi Sad, Miodrag Rakazov, stole 20,000 rounds of ammunition and distributed them throughout Istok and other locations in Kosovo.

It is known that even a group of policemen from Niksic dealt with residents of Kosovo, selling them their weapons. As a matter of fact, the practice of returning to the former owners a part of an arsenal of illegal weapons confiscated during a raid is an old one at certain police stations, whether as a gift to a friend or relative or whether as a commodity that has a very attractive price. Some officials of the Provincial Secretariat of Internal Affairs in Vojvodina, the Secretariat of Internal Affairs in Valjevo, and even the Republic Secretariat of Internal Affairs in Macedonia engaged in such business with pistols and revolvers. This is nothing out of the ordinary for people who do not put down their weapons even in bed. To an indifferent policeman a pistol is like a pack of cigarettes—something to take and give away. Such is the custom in that society.

Drugs and Pistols

Even well-reputed producers of handguns are accused to sell their own products illegally, without nameplates and serial numbers, simply to maintain a presence in a hot area and a hungry market. The fact that the Federal Secretariat for Internal Affairs, for example, has detailed information on dealers and smugglers of drugs in the country and in the world, but knows very little about dealers of illegal arms, can easily be illustrated by these cases, simply because this is a state function in some countries.

In such a situation, it is quite understandable that Yugoslav narcotics smugglers from Kosovo also do quite well in smuggling weapons. Pistols and revolvers, with ammunition, are sold at markets in Podujevo, Gnjilano, Urosevac, Titova Mitrovica, and Presevo, but also in Skopje, Tetovo, Gostivar, and Novi Pazar, like potatoes. Or more accurately like poultry: a "hen" (pistol) for 1,000 Deutsche marks, a "chicken" (round of ammunition) for two Deutsche marks. Submachine guns bring a price of 2,500 Deutsche marks.

Our security organs have uncovered several groups of weapons smugglers from abroad in Kosovo. The largest was the one led by Mehmed Ali Karakafa and Jusuf Avdidziku from Veliki Trnavac back at the beginning of the seventies. Then last year the group of Abdulah Havoli from Podujevo, who obtained weapons in Celje from "unknown persons," was arrested. He headed a band of 12 members, which resold 43 pistols, a rifle, a submachine gun, and a large quantity of ammunition in just five months. Among them, Secir Malici, an economist; Halit Malici, a pensioner; Idriz Murati, a driver; Nedzrim Havoli, Cerim Havoli, Saip Radzeqi, Sulejman Potera and Fehmi Begoli, all from Pristina, landed in jail.

According to some reports, Yugoslavs bought from abroad a good 30,000 pistols (of which only 4,500 were confiscated at customs checkpoints on the Austrian and Italian borders), 340,000 rounds of ammunition, and 300 kilograms of explosives in the past 10 years. At the end of the year in Sentilje, 10 pistons, six "Kalashnikov" submachine guns, and 4,000 rounds of ammunition were found—all of it just on Taljat Rastije from Bunajovac. As he admitted himself, Vasuk Salihu, as well as Bujar Fekzulahu from Veliki Trnovac, ordered the weapons from him. The submachine guns were bought in the Swiss city of Glaris for 600 francs and resold for 2,500 francs apiece. All participants in these smuggling operations claimed in court that they were engaged in the illegal sale of weapons only for money, and not because of the policy of the separatists.

Highway Cruisers

Centers for smuggling weapons in Yugoslavia are found in Podujevo, Presevo, and Nis. Moreover, these are places in which people have always done business—before the war in livestock and hides, after the war in hard currency, and then in drugs and weapons. In this

triangle, which is located at the halfway point of the Istanbul-Ljubljana-Brussels-Zurich-Munich smugglers route, whole families engage in black marketeering. These people transport, from East to West, drugs that are worth 10,000 Deutsche marks in Istanbul but a good 100,000 Deutsche marks in Zurich or Madrid per kilogram of heroin. For this sum it is possible to buy 24 rifles there, which are sold in Kosovo easily and for a high price. And there the chain of black marketeering closes. With the money from this business property, houses, jewelry...are bought.

In addition to Austria, Belgium, and Switzerland, weapons are also obtained in great quantities in Czechoslovakia. A package from Prague with 100,000 rounds of ammunition was intercepted in Nis, and a chest with submachine guns without stocks was confiscated in Podujevo. The cargo usually travels in sealed refrigerated trucks with the marking TIR, with all papers in order, so that customs officials do not open them. Somewhere in midroute from Zurich to Presevo, in Ljubljana or Zagreb, the cargo is transferred into private trucks. The driver who is later apprehended by the militia or customs officials because of the damaged seal pays a symbolic fine, but he also often gets out of it by lying that thieves broke into his truck. In order for this dirty business to be carried out, there must be trusting people in transportation enterprises, but also in the customs service, as well as among the police (who, for example, report when a patrol drops by a motel or a parking lot where cargo is being transferred).

Problems With the Police

As we have unofficially learned, the Provincial Secretariat of Internal Affairs is having increasing problems with its militiamen, who refuse to confront Albanian terrorists, especially employees of the State Security Service of Kosovo, in which for years there has been no department for internal enemies.

Confused Slovenians

New attacks of terrorists in Kosovo indicate that they have chemical weapons, most often tear gas, at their disposal in addition to firearms. Some of them have also obtained gas masks, as well as bulletproof vests. Most of these extremists conceal themselves in settlements that the militia has avoided entering for years. These are really centers for the organized criminal in Kosovo, especially black marketeers in drugs and weapons: Vranjevac in Pristina, Tamnik in Titova Mitrovica, Kapisnica in Pec, Gavran in Gnjilan, Dusanovo in Prizren. In just the last few years, an increase in drug and weapons smuggling of 218 percent has been recorded in Kosovo, while the increase was 81 percent in Serbia as a whole. The breaking up of the so-called "Pristina connection" in 1988 showed that drugs reach the docks of New York via this channel, where they are paid for with pistols. There are indications that this channel still functions today.

Recent talks in Milan among representatives of the Yugoslav, Italian, and Swiss police showed that Italy and Switzerland are deeply concerned about the sharp increase in the number of Albanian drug and weapons smugglers in these countries. Information was also disclosed on this occasion that one cause of this increase is the poor work of the Slovene police; the majority of these smugglers come from Ljubljana. Slovene police are unprepared for and unskilled in their work against Albanian smugglers, since they have never had serious problems in the past with this type of Mafia. Now they have been officially brought face to face with the fact that the arming of terrorists is taking place across their borders and that they must take action against it. Italy, Switzerland, Yugoslavia, and other countries i.e., police who have established that weapons for Kosovo are obtained with monies from the drug trade, are all looking for these smugglers.

In the meantime, members of the Joint Unit in Kosovo have attempted several times, together with employees of the Provincial Secretariat of Internal Affairs, to disarm the people, especially separatists. This is accomplished through regular checks of both legal and illegal owners of pistols by the so-called operational method. In the current situation, it is just about impossible to carry out a broad action of confiscating weapons, since members of the militia are occupied with preserving basic order and peace. Unfortunately, this makes it possible

for individuals to shoot at security forces. These individuals are mainly "guest workers" who come from the West over the weekend or on Sunday for several days, and who do not respect "the instructions of the separatist staff." They shoot and flee back to the interior. Many Kosovo criminals, who want to show their "loyalty to the movement" by shooting and to "polish" their lack of honor, are very aggressive. One of them is Fatmir Delic from Titova Mitrovica, 35 years old and unemployed, from a family that is already known for smuggling drugs, violence, and black marketeering in weapons. Human life is cheapest to such people.

In order to prevent possible bloodshed and in order that Serbs and Montenegrins do not react with weapons to such provocative carousing as resulted from the rumor that Adam Demaci had been released from jail or from the imposition of a curfew in Kosovo, disarmament of Serbs, Montenegrins, and Albanians alike should again be carried out in this province. Such an action took place in 1955, when a good 15,000 weapons of various types were taken from the inhabitants of Kosovo and clashes among the different nationalities were thereby prevented from evolving into civil war. Because of the presence of the Joint Militia Unit in Kosovo, which has modern equipment for uncovering weapons and explosives at its disposal, it is certain that it would be possible today to carry out more easily and successfully this type of action, which would restore peace among peoples and following which weapons would be returned after a check only to those who had permits to bear them.

CZECHOSLOVAKIA

Dlouhy on Prospects, Changes in Economy

90CH0155A Prague RUDE PRAVO in Czech
16 May 90 pp 1, 5

[Interview with Deputy Premier Vladimir Dlouhy, by Vladimir Cechlovsky and Pavel Paral; place and date not given: "Without Steel, Uranium, and Arms...But With What?"—first paragraph is RUDE PRAVO introduction]

[Text] Today very few people still have doubts about the necessity to change over to a market economy. But how will the national economy behave during the transitional period? How will the center contribute to steady progress and support the necessary structural changes? We posed these and other questions to the deputy premier of the Federal Government, Vladimir Dlouhy.

[RUDE PRAVO] Our economy is faced with the necessity for structural changes. How will the government influence these changes?

[Dlouhy] The government must assist the structural changes, not make decisions about them. In the State Planning Commission we worked out the basic objectives of the state structural policy. They include cutback programs as well as structural development programs. But if we look at the content of those chapters, we see that it is not very rich. As for the cutback programs, they concern uranium and other non-ferrous ores, selected integration projects, arms production, and some individual productions which obviously do not contribute to efficient economic growth. As far as the development programs are concerned, again we cannot name too many things that come from the center. In our plans we talk about ecological projects, developing the transportation infrastructure, developing telecommunications and radio communications, tourism, and paid services for the public. The substance of future structural policy will not be making decisions about what we shall develop specifically, but rather the creation of a certain corridor within which the state will support development. In this respect we are looking primarily for promising directions for development which we are at present elaborating into a larger number of productions specified in greater detail.

[RUDE PRAVO] Can you give an example?

[Dlouhy] In advanced countries which successfully underwent structural changes, such as Spain, Ireland, and actually even Great Britain, a number of certain areas were selected, for example design (CAD [computer-assisted design], CAM [computer-assisted makeup]), robots, as well as modernization of the steel industry, which the state designated as priority. The enterprise which chose them could receive tax relief, low interest credit with the state making up the difference to the bank, it had priorities in foreign trade, support for retraining, etc. We want to take that road also. However,

the enterprises will be producing within normal conditions which exist in our economy, and like everybody else will have to deal with foreign competition and budget and monetary policy.

[RUDE PRAVO] Will the state have the means for such support?

[Dlouhy] The state must look for the means in the budget. We want to establish a state structural fund and finance these matters out of it. I believe that one of the first tasks of the State Planning Commission or the future Ministry of the Economy will be to activate the role of commercial banks in the process of structural changes, together with quick, flexible, and effective financing—within the limits of credit possibilities—of the objectives of the state industrial policy. We shall therefore offer the banks many possibilities of financing government objectives.

[RUDE PRAVO] For the time being, however, we see signs that branches which will have sufficient means of their own for development, are those we do not want to develop further. If we recalculate the production inputs according to world prices, the profits of, for example, North Bohemia Brown Coal Mines, steel plants, and other similar enterprises will rise significantly.

[Dlouhy] That is not quite that clear-cut, but in this way we can also perhaps evaluate even such apparently inefficient projects as selected joint ventures, as long as we come to an agreement with the USSR on an expedient way to recalculate rubles into dollars.

[RUDE PRAVO] Do we have the instruments to draw these resources?

[Dlouhy] As long as the selected joint ventures show that we are able to create through them a dollar credit balance in the Soviet Union, then cutbacks must be considered carefully. In the case of brown coal, I believe that if we add together all costs for its mining including costs for the protection of the environment, we shall see that its efficiency is a fiction. Even if some production efforts were to prove efficient but we believed at the same time that they could not be developed further, for example from the ecological point of view or from some other long-range point of view, then indirect means could also be found [to deal with them].

[RUDE PRAVO] Let us ask the question from the other angle. For example, in the case of the metallurgy, machine tool, and electrotechnical industries, I expect that roughly 20 percent of their enterprises will be in grave economic difficulties before long and that they will be facing bankruptcy, although by no means all of those will be inefficient enterprises. What means will we use to save those productions which we consider necessary for the future?

[Dlouhy] In the current economic situation of the transition period, the issue is not so much which enterprises may or may not have good prospects for the future. At

issue is to retain such enterprises whose production is crucial for the functioning of the economy. After all, it could happen that we might lose an enterprise, because of insolvency or other reasons, which produces something that is essential, for example from the social benefit point of view. That must be prevented, naturally within the framework of general budgetary and other regulations. To that end also serves the modification of the state plan, and only on the basis of it can we now develop a state industrial policy more detailed than perhaps are the current objectives. But here again I stress the urgent need to activate a banking system, particularly of commercial banks.

[RUDE PRAVO] But even the central administration is now in the situation of not having resources to distribute. How will you manage?

[Dlouhy] Do not think that the central economic administration can influence a lot of enterprises; it can support directly only a limited number of them which will need to be preferred at all costs. Further, we must give the green light where we are convinced that it will be effective in the medium and the long range. But we have here an entire economy which will begin to function according to rules that are being newly created. And it will be primarily from there that efficient enterprises will be recruited and given the self-evident indirect support which we already mentioned.

[RUDE PRAVO] You talk about influencing enterprises with market instruments, but today the talk in connection with the modification of the plan is about a stabilizing program as well. That seems to be in contradiction...

[Dlouhy] I do not think that is the case. This year is still a year in the old style. We proceed according to the plan which was worked out last year, although changes have been made in it. The modification of the state plan represents the essential basis for stabilizing the economy this year.

[RUDE PRAVO] What can we understand by the term stabilized economy?

[Dlouhy] I have in mind an economy where the most basic supply and demand relations will not fall apart, an economy which can maintain a balanced domestic market at this time, will not significantly increase its indebtedness, and also an economy which will not go through a deep decline in economic activity that would represent a drop of five or six percent.

[RUDE PRAVO] We want to maintain the functioning of the economy during the transition period at all costs, but you nevertheless expect to abandon the traditional instruments already in the second half of the year, which in the past were, after all, the guarantee of a certain stability. Are you not afraid that the economy will collapse?

[Dlouhy] We are concerned about various problems, but there is no other way. I am convinced of the necessity to scrap central planning in its past form, among other things because it is being done all around us. But the main thing is that the disintegration of central planning is already under way, whether we want it to or not. The way things have been functioning since the beginning of the eighties was that the fulfillment of the plan was maintained only by the apparatus of the Communist Party. It was a mechanism that functioned in a way, albeit an inefficient one because it was not able to bring the country to where we wanted it. We dismantled that mechanism and that also sounded the death knell of the central planning. That can be seen also in the hard struggle with the enterprises, so that with the help of the plan we could keep the core of the economy going until this fall.

[RUDE PRAVO] Why only until the fall?

[Dlouhy] I firmly believe that in the fall the government will already begin taking some basic steps to implement reforms leading toward a market economy.

[RUDE PRAVO] Will they be really effective? Will we not on the contrary have to resort even more to administrative instruments?

[Dlouhy] Various things can happen even if we do everything to prevent it. Just in case, we left those instruments in the draft law on economic regulations.

[RUDE PRAVO] Does this maybe include also a price and wage freeze and similar steps which the public is talking about a lot?

[Dlouhy] A wage and price freeze is among the instruments which governments in market economies use from time to time. But there is no threat of a total wage freeze for the time being. During the first quarter wages did skyrocket as much as other incomes, and that even despite foreign exchange. Therefore we do not have to sound an alarm in this way. If the production plan is fulfilled, there should not be too much difference from what the objectives are.

[RUDE PRAVO] And what about inflation? After one of the recent sessions of the government you said that it rose somewhat and that it changed its character from hidden to open...

[Dlouhy] First of all, I do not agree that we should speak about a significant rise in inflation. The reason inflation became more visible last year was that our economy became somewhat liberalized. But inflation has deeper roots. It was precisely central planning that made possible the increase of costs while at the same time there was no pressure to make production more economical and to dampen high demand. But the central agencies, most of all the State Planning Commission, were able to keep inflation in the production sector, which was considerable for example in capital investment and construction, separate from inflation in the consumer

market. Even if there had been no political changes, it would have been increasingly difficult to keep these two processes separate. The Planning Commission would have had to resort to the traditional tricks with hidden inflation and numbers, but structural manifestations of inflation and imbalance in the consumer market would have been showing up anyway.

[RUDE PRAVO] The government, of which you are a member, considers the fight against inflation to be its primary task, it even denies that we can talk about controlled inflation. But is there an economy in the world which underwent structural changes and modernization without inflation?

[Dlouhy] I shall answer with a question. Do you know a government which would enter elections stating that it will allow a rise in inflation but that it will control it? Most likely not. We too, must set ourselves the task of reforming the economy without inflation, even though the reality may be different. I say that to people at pre-election rallies openly. Adding, however, that everything must be done to keep the impact to the minimum.

Thank you for the interview.

Agreements Provide Guarantees for Foreign Investors

90CH0079D Prague HOSPODARSKE NOVINY in
Czech 13 Apr 90 p 4

[Article by Dr. Sona Mojziskova, LLD., candidate of science, Federal Ministry of Finances: "Guarantee for Foreign Investors"]

[Text] The CSFR [Czech and Slovak Federal Republic] Government on 12 March approved a proposal for negotiating two important international agreements. These are agreements on the support and protection of investments with the Austrian Republic and Great Britain and Northern Ireland.

Advanced countries seeking to negotiate with our Republic agreements on support and protection of investments demand higher guarantees for the entrepreneurial activity of their investors than offered by the law No. 173/1988 of the collection on enterprises with foreign capital participation. The foreign authorities point out that the legal statutes regulating joint ventures can be changed at any time or the guarantees provided in them limited. Another reason for which the advanced countries request negotiation of agreements on mutual support and protection of investments is the possibility of getting a more favorable regime than provided in the law. This is a customary practice in the world: The law applies only when no other provisions are stipulated in an international agreement binding on the Czechoslovak Republic. At present already more than 20 countries are seeking to negotiate agreements with the CSFR on the support and protection of investments.

In these agreements both sides pledge to facilitate on their territory and in accordance with their legal order investments by the other country's investors and to secure their treatment excluding unlawful or discriminatory measures.

Each contracting party will secure for the other party's investments a treatment no less favorable than that granted to its own investors' investments or those of a third country. This provision grants foreign investors on Czechoslovak territory the most-favored clause.

Investments placed in the other contracting country may not be expropriated or subjected to other measures having similar effect, with the exception of measures carried out in accordance with the law and containing stipulation on payment of damages in a freely convertible currency. The amount must correspond to the actual value of the investment.

For the Czechoslovak side the most important clause of the agreement concerns transfer of financial assets connected with the investment in a freely convertible currency.

Last December and again in February of this year the Federal Government put before the Federal Assembly the idea of a gradual opening up of the Czechoslovak economy to the world. In this context the government stated that foreign investors will receive guarantees as are customary in the world. Guaranteed free transfer of profits or other payments connected with the investment is a guarantee most East European countries grant foreign investors.

On the other hand, however, a country whose currency is not freely convertible is not in a position to grant a guarantee for free transfer of funds connected with investments without any restriction whatever, if it is not to increase its foreign indebtedness.

In the first place it is necessary to pay more attention to the approval process in setting up enterprises with foreign capital participation. As a matter of principle, with the approval of the appropriate government body only such enterprises should be set up which will be capable of self-financing in both koruna and foreign currency. The only exception would be enterprises whose production is so desirable for the domestic market that profit transfers can be secured from central foreign currency resources. These aspects should receive serious consideration already at the founding of enterprises.

Moreover, the Czechoslovak economy has no need for foreign investors who lack sufficient capital resources of their own and for operating on our territory have to borrow capital abroad. Transfers of payments on such borrowings would surely mean increase in Czechoslovak indebtedness, which we do not regard as necessary or advisable in this context.

Certain limitations on the guarantee of completely free transfer are envisioned for only a transitional period.

Transfers of profits and other payments connected with investment should not exceed annually 20 percent of the capital put up by the foreign investor in an enterprise with foreign capital participation. This limitation will apply only to investors who fail to generate their own foreign currency funds for the necessary profit transfers. We assume that this temporary limitation should not lead serious investors to lose interest in conducting business in Czechoslovakia. But it will affect those foreign investors who bring to Czechoslovakia a minimum of their own resources and carry on their activity mainly on the basis of bank credits.

Following the outcome of the CSFR Government review, both agreements must be amended in discussion with the other contracting party and can be subsequently signed.

In the contracting countries agreements on the protection of investments are subject to ratification. They remain in effect for 10 years and allow for further extension. Even if abrogated their provisions remain in effect for a few years, to avoid damage to investments put up before the time of the agreement's expiration.

Conversion Possibilities to Corporations Viewed

90CH0079B Prague MODERNI RIZENI in Czech
Mar 90 pp 57-60

[Article by Dr. Eng. Jaroslav Smrcka, PhD., Central Institute of Economic Research, Prague: "Possibilities of Founding Joint-Stock Companies"]

[Text] At present the possibility exists in Czechoslovakia to found joint-stock companies in accordance with the law No. 243/1949. In the new politico-economic conditions it would make sense to utilize this legal form of organization to a much greater extent than heretofore, especially in large enterprises.

As a legal form of organization the joint-stock company is the oldest and most widely used form especially for organizing large firms. This is mainly because it contains strong internal impulses for efficient utilization of resources and long-term development. It is for these reasons that joint-stock companies are being founded also in a number of socialist countries. Here too it is possible to start them under law No. 243/1949. In accordance with it the form was used primarily to organize foreign trade enterprises operating in non-socialist markets, but also certain banks.

In the last two or three years interest in this legal form of organization revived again and there emerged a number of joint-stock companies especially from among the former VJH's [economic production units] which thus preserved their existence. Last year the interest gradually declined and we saw the emergence mainly of small joint-stock companies, mostly of agency type.

The lack of interest in founding new joint-stock companies surely had a number of reasons, especially political

but also bureaucratic-administrative. For instance, joint-stock companies could not be given orders by directive like state enterprises. Another reason for the small number of newly founded joint-stock companies was ignorance of the conditions under which they may be formed.

The first problem stems from the fact that according to paragraph 3 of the law No. 243/1949 formation of a joint-stock company requires permission from the state, approval of its by-laws and entry in the commercial register. Applications have to be submitted to the respective ministry and the State Planning Commission (in case of republican ministries also to the republican planning commissions).

Paragraph 5 regulates what is required in the by-laws (name and location, purpose of business, amount of basic capital and shares, types of shares, and so on).

According to paragraph 2 shares can be issued in the name of the company or the owner, meaning that shareholders may be either physical persons or legal entities (I am not aware of any case so far that shares have been issued to physical persons such as for instance employees, but the law provides for this possibility).

It seems likely that in the near future we will see the drafting and passage of a comprehensive law on business companies and enterprising, or that as a temporary measure the government will adopt a lower legal statute anchoring the legal forms of organization suitable for small, medium and large enterprises—for instance forms with limited or unlimited partnership for small businesses, also associations, enterprises with foreign capital share up to and including 100 percent, ownership of enterprise capital by foreigners, limited liability companies, and so on. Such a legal statute should ideally replace the existing so-called concessionary system of establishing companies based on the aforementioned principle of applying to the respective organs for a permission, by the registration method (which requires that application for registry be submitted to the appropriate court). A legal statute of this kind should evidently contain more specific provisions governing the procedures and conditions for potential applicants wishing to set up a joint-stock company, so that they get the information which they now find hard to obtain (experience abroad for instance shows that it is not advisable to issue more than one-third of the shares for employees, and the like).

The existing law on joint-stock companies is quite liberal in this regard since the internal structure and operational requirements are regulated by the statute.

As for the types of shares, it is now up to the enterprise management (or another organization which wants to convert into a joint-stock company) to decide what types of shares it will issue, in what value, what the redemption procedure will be, and so on.

In the first place it is necessary to explain the differences between bonds [obligace] and shares. (Bonds are not mentioned in the law on joint-stock companies but questions in this regard are often raised in practical life.) As a matter of fact, joint-stock companies abroad can issue both bonds and shares (bonds may be issued also by other entities and organizations, for instance government bodies, local authorities, and so on). The principal characteristic of a bond is that its holder lends money to the firm and in return is entitled to receive a predetermined rate of interest (annually) until the bond is due, and subsequently gets paid the full value of the bond (in English this value is called "principal" or "face value").

In contrast to the bondholder, the shareholder is a co-owner of the firm (joint-stock company). Shares, or in other words a share in the joint-stock company's property (common stock, equity) entitle the holder to receive a dividend the amount of which depends on the profit remaining after payment of interest to the bondholders. If no profit remains, shareholders receive no dividend. If on the other hand profit is high, dividends may be high even though the managing board (or board of directors) may decide to leave a part of the profit undistributed (will not pay dividend to the full extent of the profit) and use it to fund development projects or as a reserve for a possible decline in profits in the future.

There are some advantages to bondholders as compared with share-owners. So if for instance the firm is unable to pay interest on its bonds, their holders can declare the firm bankrupt and force it to sell assets to satisfy the debt. In case the firm ceases operation, its debt (wages, debt owed for material supplies and other obligations including interest on bonds) is satisfied before payments due to shareholders.

Most joint-stock companies issue several types of shares. These are in particular:

- Preferred stock which includes agreement that the firm will pay special (higher) dividends if it achieves correspondingly higher profits. Payment of dividends on preferred stock has priority over payment of other dividends;
- Common (normal) stock. This means shares whose holders receive dividends only when profit is sufficient to pay interest on bonds and dividends on preferred stock. The holder of common stock may find that he gets no dividend, but on the other hand the maximum dividend he can get is not limited as in the case of preferred stock. Holders of common stock (even though some firms issue common stock without voting rights) are entitled to vote at general stockholder meetings on issues such as the selection of directors, the corporation's strategy and other important questions involving the stock company's operations. Holders of preferred stock as a rule do not have this right;
- Employee shares. These are usually issued in a limited extent (in Hungary for instance they may not exceed

10 percent of the value of newly issued stock). They are not transferable, except in cases of the employee's death or retirement (in these cases the joint-stock company will buy them back). Their advantage for employees is that they can acquire them for a lower price than their face value, pay no tax on them or are assured a dividend (similarly as with bonds) even when no dividend is paid on other types of stock.

If the joint-stock company issues new (additional) stock in order to raise funds for investment, each of the existing shares represents a smaller portion of the firm's ownership. If the new stock is purchased by people or firms other than the present stockholders, their share in the firm's ownership will be thereby reduced. Each stockholder will then receive a smaller share of profit and those who can vote have a diminished influence at the stockholder meeting. To avoid this the by-laws may offer the existing stockholders the right to purchase new shares in proportion to their present holdings, whereby they can preserve their share in the firm's property.

Another problem we face at the present time when joint-stock companies are being set up is that of an accounting system. It would exceed the limits of this article to deal with these issues in detail. To those who are interested I recommend study of an outstanding exposition by Eng. F. Tretina, candidate of science, in the journal UCETNICTVI (see F. Tretina, "Accounting at Joint-Stock Companies Without Foreign Capital Participation," UCETNICTVI, No 11, 1989, pp 399-402). The article also notes the legal norms which must be observed when founding a joint-stock company.

For conversion to joint-stock companies are in my opinion eminently suitable some enterprises operating at a loss, including those subject to consolidation programs. The consolidation programs will probably soon prove rather ineffective since in many cases they constitute rather a delay of two to three years in resolving the problem. A conversion of the losing (and not only losing) enterprises offers a certain guarantee that the stockholders will quickly adopt measures to restore profitability, something that is difficult to press for in self-managed state enterprises.

By issuing stock it is possible to obtain funds for development which for many of our enterprises represents a critical necessity for their continued existence. On the other hand, financially strong enterprises may find it a suitable method for depositing temporarily free funds for which they do not immediately have better use. By holding stock they would gain influence on the stock company's management—so for instance they can demand priority supply of materials as a condition for purchasing stock.

Another important consideration favoring our present state center's support for the foundation of joint-stock companies is that this may transfer and for a certain time tie up part of the population's money holdings which otherwise present a threat to the stability of the internal

market (for much the same reason a rapid introduction of company stock for the public is being considered for instance in the Soviet Union).

A joint-stock company represents a more efficient entrepreneurial form than an independent enterprise, especially in sectors needing major investment and those requiring intensification measures which lead to significant changes in the qualification structures. Therefore this form, so extensively used abroad, should be employed especially in metallurgy, engineering, chemical and electronics industries. For the purpose of obtaining foreign investment it is possible to set up joint ventures according to the law No. 173/1988 on enterprises with foreign capital participation. This law recommends the joint-stock company as the most suitable legal form of organization.

Innovations in Law on Land Use Emphasized

*90CH0135A Prague ZEMEDELSKE NOVINY
in Czech 26 Apr 90 pp 1, 2*

[Interview with Dr. Petr Liska, LLD, of the Federal Ministry of Agricultural and Foodstuffs, by Katerina Sladkova; place and date not given: "Only a Temporary Solution"—first paragraph is ZEMEDELSKE NOVINY introduction]

[Text] The artificial and deliberately created conflict in ownership and users relationships to the land which entailed a legal, and also a practical, barrier between the owner and his property was expressed in Law No. 123/1975 of the Sbirka on the utilization of the land and other agricultural property for production. This legalization of an iniquity caused a lot of damage, much of which it will not be possible to rectify by just spending money. The first step toward correction of the situation was an updating of that regulation which was approved several days ago by our highest legislative agency. I spoke with Dr. Petr Liska, LLD, an employee of the legislative legal section of the Federal Ministry of Agricultural and Foodstuffs, about its content and practical effect.

[Sladkova] What specific rights does the updated law bring to the owners of the land?

[Liska] First of all, I would like to point out the fact that the update of the law does not relate to all utilization of the land as many people mistakenly believe, but only to such as were established by the decision of the national committee in favor of the agricultural organizations for the purpose of supporting agricultural production. It thus applies to the plots of land allocated by the national committee for utilization by an agricultural organization in accordance with the governmental directive No. 50 of 1955 and those which were utilized by the agricultural organization without legal justification before the day the law No. 123 of 1975 took effect. According to a rough estimate, these lands represent only about 20 percent of all the land which is currently being utilized by agricultural organizations. The remaining, greater part is utilized on the basis of the law on agricultural cooperatives,

the economic legal code, and other regulations. The law thus does not relate to them.

The basic idea behind the update was to make it possible for the owners of land to exercise their rights, that is; if they show an interest, the plots of land and other agricultural property will be returned to them for use.

[Sladkova] Is this a matter of just an opportunity or of a right to return the land to its owners?

[Liska] The update basically says that the national committee must cancel the use right of the organization at the request of the owner. There are, however, cases established in which for objective reasons this cancellation is not possible if there is not some other solution reached between the owner and the organization. This is determined by paragraph 12, letter a), section 2 of the law and concerns cases of land which has been built upon, if it does not concern a building owned by the citizen, and plots of land on which there are permanent stands of vegetation grown during the period of the use right being in effect or through land improvements made by the agricultural organization, if there is no equalization made or they are inaccessible plots of land.

For use rights for buildings, the rule is that the national committee is obliged to cancel the use rights in all cases. The building must be returned to the owner in a state corresponding to fair wear and tear, which means that if it is in worse shape the organizations will either have to repair it themselves or offer the owner financial or other means to fix it. If the building has increased in value, the owner will have to provide the organization with a replacement value corresponding to that appreciation at the time the use right is abolished.

[Sladkova] What will be the process when it is not possible to return the plot of land as intended by the legal provisions?

[Liska] In the first place, the organization is obliged to offer an exchange of another plot of land that it owns for the one in question, with the plot corresponding in size, quality, and other properties to the original plot of land. If there is no such piece of land available and the owner wants to farm, it is obliged to transfer another plot of land to him for free temporary use. If, for various reasons, this alternative does not come into consideration, for example, because the owner does not agree to it, the organization is obliged to make an agreement with the owner on the temporary use of his land, of course with a payment made, a matter of a so-called lease.

[Sladkova] What is to be the amount of these payments?

[Liska] Until such time as the new regulation on which they are already working intensively is prepared, the payments will be determined by the provisions of the regulations on putting a value on real property, that is, Decree No. 182 of 1988.

[Sladkova] What should an owner do in order to take possession of his land?

[Liska] First of all, he must request in writing that the okres national committee cancel the use right and substantiate his own ownership right to the real property. If the ONV [okres national committee] does not honor his request for the reasons about which we already spoke, the owner can turn to the courts. However, I consider it essential to emphasize that the plots of land can only be returned for agricultural use and usually only after the harvest. Unless the owner reaches some other agreement with the organization, the land is returned in its entirety.

[Sladkova] I assume that the law allows also for the possibility that the owner who gets his land back can rent it out to another person for payment.

[Liska] Cancellation of the use right takes place in principle through a decision of the national committee or by an agreement between the owner and the organization for temporary utilization of his land, a lease. From that moment on the owner is governed mainly by civil law in exercising his rights of ownership. He can thus dispose of the land in any way he wants. He can rent it out, transfer it to another person, etc. If it is agricultural land, however, he is bound by the provisions of the law on the preservation of the agricultural land resources and its executory regulations.

[Sladkova] In setting up the use rights, in most cases it was a matter of that right relating to both animate and inanimate inventory. The owner thus had to give up not only the land and the farm buildings to the agricultural organization, but also livestock, machinery, seeds, and such. Does the update of the law also deal with this "inheritance?"

[Liska] Our ministry submitted the proposal to the government in variants. One of them includes the return of other agricultural property and for cases where this is not possible, at least some form of financial compensation. I personally am inclined to this alternative which in my opinion is the equitable one. In discussing the proposal for updating the law, however, it was not considered. I assume, however, that the appropriate agencies will be forced to return again to this question. Even now we have signs that ignoring it is creating a markedly negative response.

[Sladkova] Do you think that those who called for the complete abrogation of this notorious law in the parliament were justified?

[Liska] In my judgment it is necessary to be aware that the use and ownership relationships which in the past 40 years have taken on the current form cannot today be resolved in a radical manner, for example, by abrogating the entire law. This would cause serious problems which would affect especially the owners of the land themselves. They would also have to start working the land immediately. A temporary resolution is therefore being introduced where the agricultural organization has the right, but also the obligation to work the plot of land until such time as the owner requests its return. Such a

use right is limited by the law by the fact that the owner must agree to all the more significant actions involving the land or buildings.

Finally, even if the law is not actually repealed, it loses its real effectiveness because the owners will gradually register for their plots of land and they will be further utilized on the basis of other regulations, mainly of the civil code of laws. Thank you for the interview.

GERMAN DEMOCRATIC REPUBLIC

FRG Ecology Expert Queried on EC Agricultural Policy

90GE0090A East Berlin BAUERN ECHO in German
20 Apr 90 p 7

[Interview with Agricultural Engineer Eckhard Engert from Frankfurt/Main by Uwe Zeibig; Leipzig, date not given: "Ecological Farming Safeguards Employment"—first paragraph is BAUERN ECHO introduction]

[Text] Concurrent with the "Ecological Economics" Conference in Leipzig, BAUERN-ECHO editor Uwe Zeibig spoke with Agricultural Engineer Eckhard Engert from Frankfurt/Main. As an agricultural counselor in the Hessian Agricultural Administration's Marketing Section, Provincial Chairman of the BUND (Bund fuer Umwelt- und Naturschutz Deutschlands [Federation for Environment and Wildlife Protection of Germany]), and spokesman for the German Agrarian Opposition's parent organization, he is a competent discussion partner in questions of agriculture and environmental protection.

[Zeibig] You are engaged in environmental matters just as much as in the field of agriculture. Why?

[Engert] Because it has always troubled me that a false front stands between farmers and environmentalists, that they vilify each other, and made life difficult for themselves but actually must pull together in the same direction.

[Zeibig] You are the spokesman for the German Agrarian Opposition Parent organization. What kind of organization is that?

[Engert] It is a federation which unifies various organizations, environmentalists, ecologists, farmers' organizations, consumers, etc., under one roof. We have come together to have one voice in public to make it clear there are common interests between farmers, consumers, and environmentalists.

[Zeibig] What does this federation want?

[Engert] We demand a humane, socially just, ecological agricultural policy with solidarity! The parent organization of the German Agrarian Opposition calls on all our farmers and consumers to cease accepting the sellout of

rural agriculture, to defend themselves, to become active themselves and to support the Agrarian Opposition in its goals.

[Zeibig] Who is your principal adversary in this?

[Engert] Clearly, that is the chemical industry, which survives in agriculture because the agriculture business is run more and more intensively, and more and more chemicals are used to do that. In this context, I do not want to leave unmentioned the massive intrusion of the chemical industry into plant cultivation among us in the West. Large companies such as Hoechst and BASF are currently buying up cultivation companies. At the same time, genetic technology is being further developed in order to gain a kind of monopoly position. A complete package should be delivered, so to speak, to our farmer, one type with applicable plant protection package. These are developments which we dread, because rural agriculture in today's form, which still represents a great potential for an environmentally just agricultural economy, would be churned up by it.

[Zeibig] The Federal Republic is a member of the EC. How do you see the trends in EC agricultural policy?

[Engert] For an outsider, it is difficult to see through EC agricultural policy because so many contradictory signals come from it. At the moment, the EC gives word and letter to 35-percent subsidies with Ordinance 355/77, when large units are combined. In our eyes, that is a bad development. We stand for an equally justified existence for full- and part-time operations. It is precisely small- and mid-sized operations which must be maintained, because they provide conditions for environment-oriented agriculture. Insuring their existence must be accomplished through insured income from agricultural products. For that, minimum prices must be established which are oriented towards the cost of average agricultural organizations. Leveling out the disadvantages of small- and mid-sized operations can be done in the form of subsidies based on acreage or farm size and through price supports on produced basic amounts.

The developments towards highly intensive and specialized agricultural production, stemming from continuous economic pressure, is leading to a massive endangering of our natural foundation of life, our cultural landscape and to the destruction of plant and animal varieties never experienced in the past. To have an agriculture which protects nature and the environment and contributes to constant stabilization of the richness of the earth, plants, and animals, it must drastically reduce the use of fertilizers and pesticides. The reduction in production levels serves to protect the environment and at the same time prevents excess production from placing pressure on prices. That is why we are for controlling cattle operations on the land and absolute maximum cattle herd levels per farm, through to a ban on growth regulators and pesticides dangerous to water supplies.

[Zeibig] Sooner or later, we will also become members of the EC. What would you recommend to us?

[Engert] I can conceive of the GDR proposing a model "ecologization" project in the course of negotiations with the EC. How would this look? Environmentally proper agriculture over the entire area, helpful technologies, training, advice, biological plant protection, possible formation of processing structures in the LPG's [Agricultural Producer Cooperative] and then perhaps marketing structures. They would sell these products in the GDR as well as on the Western market. Ecological products have great market potential in the West.

With these steps in the direction of ecological rural building, the number of jobs will be maintained and in some cases increased. For that reason, we are calling for money within the framework of Regulation 797, which is the structural guideline for development of economic forms which are just to nature. Take this opportunity offering itself to you!

HUNGARY

Shareholders Pressure Fledgling Commercial Banks

90CH0147B Budapest MAGYAR HIRLAP
in Hungarian 3 Apr 90 p 5

[Article by Melinda Kamasz: "Moderate Dividends; Bank Accomplishments, Shareholder Demands"—first paragraph is MAGYAR HIRLAP introduction]

[Text] Our commercial banks keep complaining about the economic environment and about having to contend with restrictive monetary policies. The enterprises that are dependent on them, on the other hand, are looking at them with envy: To them, at least for now, the 14-percent average dividend earned by the banks appears to be an unattainable dream. Of course their views are quite different if they also happen to be one of the shareholders of a given bank.

Perhaps the most important indicator of performance to a shareholder is the dividend. This year, our banks have posted dividends between 12 and 18 percent. Last year the figure was lower, ranging between 12 and 14 percent. Only the Hungarian Credit Bank was paying 16-percent dividends. Already back then, these percentages had created an uproar among industrial and agricultural enterprises. Many claimed that they would never be able to attain such profits no matter how hard they tried. (Let us keep in mind that dividends are paid after income that has already been taxed, in other words, factoring in the 45-50 percent profit tax, it is actually the equivalent of a gross profit of 26 percent, i.e., on the average, twice the size of the above-mentioned average dividend.) Critics from the other end have claimed that the banks were committing suicide by paying out such high dividends, for by doing so they were living out their future. In fact, a Western journalist was just recently wondering whether or not the Hungarian banking system was on the verge of collapse. For in his country the stock corporations paying the highest dividends are also the ones

about whom everyone already knows that they do not have much longer to live. Those, however, who believe that their very future is at stake, tend to voluntarily forego collecting part of the dividend; they save it, or spend it on development.

For the Longer Run

This is not what has been happening in our commercial banks. It is also true, however, that their increased dividends still have not kept pace with the rate of inflation, or even with last year's projected rate. It appears that our domestic commercial banks are also planning for the longer run. They are anticipating—and justly so—to be eventually faced with a financial situation in which enterprises will be defaulting on their payments with growing frequency. If that is what in fact is expected, it would be more expedient to place some of the profits earned in a separate risk fund.

At the general meetings of several banks, however, it has become clear that the shareholders have been exerting enormous pressure on their banks to pay out the highest possible dividend. In fact, this year there was even an instance in which, after it became known that the largest shareholder of a bank had voted against the payment of higher dividends, several stock owners walked out, shouting "shares for sale." Still in other places they have decided—as part of a compromise worked out at the shareholders' meeting—to pay out some of the dividends in the form of bonuses, after which the recipient shareholders are, in effect, required to pay taxes.

No Reason To Complain

The commercial banks, therefore, are pressured from two sides. On the one hand, they must respond to the needs of their shareholders who are seeking increasingly larger dividends. On the other hand, however, the financial situation has also been pressuring them to shore up their security. Should they decide to opt for paying lower dividends, however, their shareholders will try to unload their securities, perhaps even selling them off at a discount, which in turn would have a negative impact on the banks' image and management. This is why the experts believe that it is still much better to pay the higher dividend than to risk suffering the consequences of a price decline that may result from the selling off of shares, which, even though it is difficult to quantify in terms of actual loss, can nevertheless sharply affect the banks' image.

Still, our commercial banks have nothing to complain about, for this year again they have produced quite excellent results. Industry's earnings-to-assets profit ratio last year amounted to only nine percent, and the commercial sector ended the year with profits of around 17 percent. And half of these profits will be eaten up by taxes. After the average dividend of 15 percent paid by the commercial banks, however, the enterprise shareholders will not have to pay anything. This is precisely why many producers have complained that if they

invested all of their assets in bank stocks, they would be better off than if they kept on producing. The enterprises also know very well, of course, that there are not too many buyers for their assets, most of which are tied up in capital equipment. So they have no other choice but to continue producing and taking out loans offered by the banks at—extremely high—average rates of around 30 percent. The difference between deposit and loan rates has averaged between two and four percent.

Reviling the MNB [Hungarian National Bank]

Although the commercial banks have been severely reviling the Hungarian National Bank for its restrictive monetary policies, they have still been able to show good results. They have done this by adhering to classic banking principles, namely by maintaining separate interest rates for loans and deposits. The capital outlays of a bank, no matter how we look at it, are very low. This—according to the experts—has partially to do with the fact that we still do not have a real stock market in place; in other words, there are no opportunities of making a profit on changing share prices. Capital outlays, on the other hand—assuming that they are not made with a view to taking advantage of appreciating market values—are associated with long-term returns, which naturally even the banks do not consider to be ideal investments.

Last year, as before, our financial institutions were reluctant to initiate bankruptcy proceedings against delinquent enterprises. At a certain level of rationale this is natural since at such high rates they can expect a bigger return on their money by extending the terms of the loan. Suppliers, however, are an impatient lot, hence in the future I expect that the predictably growing number of enterprise bankruptcies will be contributing not to larger dividends, but to bigger bank risk funds.

Ministry's Position on First Telecommunications Stock Corporation

90CH0148B Budapest MAGYAR HIRLAP
in Hungarian 2 Apr 90 p 5

[Article featuring excerpts from a letter by Endre Csernak, head of main department, Ministry of Transportation, Telecommunications, and Construction: "Comment on Our Article; New Cracks in the Telecommunications Monopoly"]

[Text] In our Thursday issue we reported about the signing in Nagykovacs of the founding charter of the First Domestic Telecommunications Stock Corporation. As a result of the village residents' initiative, anyone willing to pay the stock corporation 35,000 forints if residing within the incorporated area, or 45,000 forints if residing elsewhere, will be able to receive a telephone within one year. In the article, the chairman of the Nagykovacs organizing committee, Jozsef Telek, outlined what it had taken them to get to the point of signing the founding document.

The case has created a precedent in the domestic telecommunications industry, and, given today's adverse telephone situation, it has probably captured the attention of many waiting telephone customers and businesses. In order to avoid any future misunderstandings, we need to clarify the legal status and possibilities of stock corporations. Hence we are happy to publish excerpts from a letter of clarification sent to our editorial office concerning the matter, by Endre Csernak, head of main department of the Ministry of Transportation, Telecommunications, and Construction.

"...The telecommunications monopoly, as many of our existing monopolies, has not yet been broken, although there are already some visible cracks in its walls. In accordance with our current—and hopefully soon to be changed—statutory regulations, the licensing of telecommunications activities (services)—which fall exclusively within the minister's sphere of authority—is a three-stage process:

"1. The state administration has to make a discretionary commitment to grant the legally formed business partnership the concession (inclusion in the monopoly rights) to engage in business.

"2. The concession (which establishes the detailed conditions of the operation and grants the right to operate within defined territorial and service boundaries) is to be registered with the registry court under the name of the company which has already met all of the legal conditions of incorporation.

"3. The issuing of the operating license (which is not the same as the start-up permit) comes only after the legally formed, concession-recipient company has properly established and expanded its telecommunications system (network), and is ready to start up operations.

"The Ministry of Transportation, Telecommunications, and Construction is ready to provide detailed information to all personal inquiries."

Bankruptcy Law Amendments Ambiguous

*90CH0120A Budapest HETI VILAGGAZDASAG
in Hungarian 14 Apr 90 pp 71-72*

[Article by Patricia Molnar: "Legal Provision About Self-Declared Bankruptcy: Enterprise Hara-kiri"—first paragraph is NEPSZABADSAG introduction]

[Text] Self-declared bankruptcy proceedings on a mass scale, or a new opportunity to curb the swelling number of bankruptcy declarations, now amounting to losses between 150 to 200 billion forints? Which will be the result of the statutory amendment, the cornerstone of which is a provision requiring all insolvent enterprises in debt to declare bankruptcy on their own? The likely consequences of the law decree are assessed differently by its authors on the one hand, and those affected by it on the other.

More than a month has had to elapse before some enterprise managers' nerves were finally rattled by a new statutory amendment that can potentially affect the very existence of quite a considerable number of enterprises. Not everyone is concerned, however; many observers feel that this is because only a few managers have been able to fully assess the implications of the changes made in certain key provisions of the legal decree governing bankruptcy declarations. One reason may be that at the last "regular" session of Parliament several dozen statutory amendments were adopted, and another that under the guise of deregulation, Law No. 23/1990—"on the revoking and modification of certain laws and law decrees"—also tends to somewhat overshadow the above, not at all insignificant, changes.

The essence of the statutory amendment adopted by the deputies on 1 March is that starting 1 May, creditors may request the initiation of bankruptcy proceedings, and indebted economic organizations that are unable to service their obligations must do so. Also growing will be the list of firms to be targeted for bankruptcy as the new regulations apply not only to the consistently insolvent businesses, but also to other insolvent organizations without any other label. Insolvent, according to the decree, is any business whose liabilities exceed its assets, or from whom someone has unsuccessfully attempted to collect payment. Added to the law as new grounds for initiating bankruptcy proceedings against a debtor is failure to continue payment. Accordingly, a debtor is considered insolvent if—after the due date—it is unable to service its loans. According to Jeno Zanyi, vice president of the Hungarian Chamber of Business (MGK), this provision of the statute is virtually impossible to interpret, for—as he put it—it assumes the existence of static conditions while servicing one's debts is actually an ongoing process. However, it was not this, but for the most part another reason, i.e., the elimination of the modifier "consistent" from the wording of the law that led the MGK to voice its protest against the statutory amendment last week: According to its experts, the introduction of the institution of insolvency may result in a virtually uncontrollable onslaught of bankruptcy proceedings, particularly in view of the 150 to 200 million forints worth of total debts already amassed by some 300 enterprises currently standing ready to declare.

According to Peter Kiraly, head of the main department at the Ministry of Finance, it had been precisely the hope to curb this rapidly swelling waiting line of bankruptcy candidates that had motivated the authors to write their amendment. For so far—in actual practice—the creditors themselves have not expressed enough interest in initiating bankruptcy proceedings against their debtors. In most cases the lenders have been held back from taking the necessary steps by the monopolistic nature of their buyer-seller relationships. The banks have also been reluctant to initiate liquidation proceedings, afraid that once declared bankrupt, their clients would drag them along into the deep.

Also contributing to the swelling ranks has been the existence of rigid monetary conditions, while at the same time the intended effect of money-tightening measures has been partially neutralized as longer waiting lines have led to a considerable increase in non-monetary forms of business transactions. According to the authors of the statutory provision, there is no other way to remedy the waiting line crisis than by forcing the debtor to settle his own matters.

The intended purpose of the change, insisted Peter Kiraly, was not to effect self-declared bankruptcies on a mass scale, but rather to have a statutory provision in place—precisely for the purpose of preventing self-declared bankruptcies—that will compel businesses to adopt the kinds of long-absent attitudes and means that would help to normalize the currently intolerable relationship between debtors and lenders. It is the debtor, for example, who should be taking the initiative to negotiate with his lender for an extension of payment deadlines or writing off part of his outstanding debt. Unquestionably, in some cases this would require the lender to accept a loss which the debtor, in turn, could propose to offset by offering the lender partial ownership of his operations in accordance with the size of the agreed-upon allowance. This may even yield the additional benefit of speeding up the process of proprietary transformation.

According to the main department head, the situation could be further improved if both businesses and banks would abandon their distrust toward promissory notes. On the one hand, the notes could facilitate the rescheduling of debts, and on the other—given its negotiability—they could be used as substitutes for money. In order to remedy the situation, the drafters of the statutory provision have discussed the idea of a state-created, so-called “hyena-enterprise” whose job would be to buy up the assets of businesses that can no longer delay undergoing a structural transformation. Having gained control of these assets, the hyena enterprise could proceed to liquidate or restructure the affected organizations. For now, however, there will be no such hyena enterprises, said the main department head, for it is not the state’s role to become so deeply involved in the processes of the economy. One conceivable solution, however, is to set up so-called factoring enterprises designed to operate on the basis of business principles which, gambling on improved future efficiency, will be able to purchase outstanding accounts from lenders at a reduced rate.

The Ministry of Finance would also consider it most redeeming if the commercial banks could break out of their current passive role, and start making selective judgments about which of their many clients waiting in line are worthy of assistance, or are necessary to help out of trouble, and which ones deserve to be liquidated. Jeno Zanyi’s grievance regarding the statutory amendment has to do with the fact that, among other things, the regulation does not distinguish between the causers and victims of having to wait in line. For while the former are

insolvent because of their own mediocre management, the latter are in this predicament because their clients have refused to pay them.

The Chamber is of the opinion that the 200-billion-forint line up is actually a multiple accumulation of a not more than 40-billion-forint debt. They believe that the first thing to do would be to identify the money-devouring “black holes”—or in their opinion, the guilty 35-40 businesses—and apply the regulation regarding self-declared bankruptcies only to them. According to the MGK, a fund needs to be established—let us say, from enterprise revenues—that could be used to continue to make payment on the obligations of the debtors causing the line up until they can be liquidated, thus making it possible to reduce the number of hemorrhaging victims. The Ministry of Finance, on the other hand, is of the opinion that it is the firms at the end, and not in front of the line that should be offered financial assistance.

By changing the liquidation process, a new time bomb has been placed under the economy, as bankruptcy declarations by a multitude of insolvent enterprises could have the ripple effect of further production cut-backs and mass unemployment. Moreover—since the banks will have to extend credit to help pay the wages of the employees of enterprises undergoing liquidation—there would be a rise in inflation. Theoretically, of course, it is possible that the managers of the affected businesses will “forget” to self-declare bankruptcy, for the statutory provision provides no sanctions to punish failure to do so. Since, however, according to the amended Labor Code the managers of state-run businesses—just as the heads of private companies—are legally, in other words financially responsible for the operation of the firm entrusted to them, it is conceivable that they will not, in fact, hesitate to put their enterprises out of their misery. The drafters of the statutory provision, however, hope that before walking voluntarily to their execution on a mass scale, businesses will try to work out matters among themselves.

POLAND

National Chamber of Commerce: Funding, Purpose, TU Contacts

90EP0498C Warsaw ZYCIE WARSZAWY in Polish
5 Mar 90 pp 1, 3

[Interview with Andrzej Arendarski, Sejm deputy, president, National Chamber of Commerce, by Andrzej Zmuda; place and date not given: “Community of Interests”]

[Text] [Zmuda] In May, 1989, the Sejm adopted a resolution on chambers of commerce which resulted in the formation of a National Chamber of Commerce directed by you. This has existed for a short time only, and we know little about it...

[Arendarski] It is true, our history is very short since the Chamber was registered in the Court on 15 February of this year. I would, however, like to remind you that chambers existed in Poland before 1950. So this is nothing new, only a return to normalcy.

[Zmuda] What, then, are you?

[Arendarski] Citing the statute: "a voluntary, self-ruled organization of Chambers of Commerce and other economic and social organizations supporting the development of the national economy." To put it simply, we want to play the same role that chambers play in countries where the economy is governed by laws of the market. We want to cooperate in creating conditions that would favor economic activity, represent the interests of Polish enterprises before government authorities, and finally to promote our economy abroad. These are only some of our goals. I need not add that we want to carry out all of these tasks loyally and in close cooperation with the state authorities.

[Zmuda] Why was it necessary to organize a National Chamber of Commerce?

[Arendarski] Because enterprises, specifically state enterprises, have a new status. Multistep management and coordination of their work has been eliminated. In this situation, some form of their representation, with respect to the government, for example, had to develop.

The need arose to organize a type of "community of interests" under the new management conditions. As far as private enterprises are concerned, there has never been an organization capable, for example, of offering help abroad to this sector. In turn, ridding itself of central structures, the cooperative movement in many cases adopted the form of chambers as an appropriate method of association.

[Zmuda] But will this not be something in the nature of a superministry of commerce, even though a public one?

[Arendarski] Nothing of the sort. The National Chamber of Commerce [KIG] has no authority with respect to either chambers of commerce or enterprises. The fact is that we would be mutually helpful, presenting a united front in particularly important matters, striving for optimal conditions for the functioning of Polish enterprise. We want to present our opinions and to introduce legislative initiatives. We also want to be involved in gathering and processing information pertaining to the functioning of economic units in our country and abroad, in problems of joint efforts in cooperation, equipment, organization and financing. Among our interests also are vocational training, increasing qualifications, and changing qualifications, which is especially important in view of the increasing unemployment, and the bankruptcy of unprofitable enterprises.

We are also concerned with restoration of ethics among the merchants and industrialists.

[Zmuda] The range of activity is extremely broad. Are the conditions adequate for this?

[Arendarski] At present KIG is just being organized. This does not mean, however, that nothing is happening since the main burden of work rests on our members, the regional and branch chambers. Several of these are already active, for example, in Poznan, Warsaw, Gdansk, Katowice and Krakow. Chambers are being organized in Wroclaw, Kielce, Zamosc and Lublin.

[Zmuda] Who may join the regional chambers?

[Arendarski] Local industrial and commercial enterprises, state, private or cooperative. We are not excluding the possibility of creating interregional chambers. For example, the Poznan chamber encompasses all of the Wielkopolska territory.

[Zmuda] You mentioned that KIG will concern itself with foreign trade. What then will be done with the Polish Chamber of Foreign Trade [PIHZ] which has been dealing specifically with this sphere for many years?

[Arendarski] First, a little explanation: I said that KIG will deal with the promotion of Polish trade abroad, and this concept is considerably broader since it includes activities with respect to foreign trade. As far as PIHZ is concerned, on the basis of the resolution, when it was registered, our chamber took over this institution and it will not act within the framework of KIG. What the final form of PIHZ will be is difficult to predict at present. Jointly with the Ministry of Foreign Economic Cooperation and the Sejm Commission for Economic Cooperation, we initiated a study group which will make appropriate proposals.

[Zmuda] And how do you envision the future PIHZ?

[Arendarski] It must be an institution integrated with KIG, but functionally separate. It must not employ clerks, but managers and professional consultants. It should support its own activity to a significant degree, providing Polish and foreign clientele with high-quality, well remunerated services.

At present, however, PIHZ will continue to work as it has. We are approaching this in an evolutionary fashion, thoughtfully, taking into account the fact that PIHZ has many substantial and institutional ties in our country and abroad. Good experience must not be squandered. The same thing is true of PIHZ personnel, we do not foresee any earthquake here. I promise that criteria of professionalism, suitability to the new tasks, the same criteria that will shortly shape personnel in the whole national economy, will be decisive.

If it happens that someone does not fit the new pattern, that person will be able to work in other KIG departments.

[Zmuda] And now a thorny issue: where will funding for the activities of the National Chamber of Commerce come from?

[Arendarski] You have touched on an extremely vital point. The resolution seemed to forget about this "shameful" problem. At this point, the enterprises pay the chambers fees from profits; some chambers have additional income from services rendered, but all of this is a temporary solution. If the chambers are actually to play the role of one of the important factors for the development of the economy, then like those of other countries, they must have assured permanent financial support, for example, it is possible that the enterprises will transmit a portion of enterprise taxes to chamber accounts.

[Zmuda] Or might the budget finance you indirectly?

[Arendarski] To a certain extent, but certainly the National Chamber of Commerce as well as the chambers making it up will carry out some of the tasks that the state apparatus has been engaged in. It seems to me that the idea of decreasing state income just now when our government is making absolutely heroic efforts to balance the budget may seem strange. But, let me repeat, that the money will be returned many times over since it will be invested in the development of Polish enterprises, in establishing a new economic order, in organizing a new type of foreign trade promotion.

[Zmuda] Thus far the main source of financial support of PIHZ, for example, have been the Poznan International Fairs. What will the status of the Fairs be now?

[Arendarski] As part of the resolution, the Poznan International Fairs got a "divorce" from PIHZ. The final decision will lie with the minister for Foreign Economic Cooperation. I believe that the Poznan International Fairs should be an independent institution, but should at the same time maintain close ties with the National Chamber of Commerce and—especially—with the Wielkopolska Chambers of Industry and Trade.

[Zmuda] Finally, what is the present concern of the organizers of the National Chamber of Commerce?

[Arendarski] As I have already mentioned, we are creating an internal maximally simplified structure. Primarily, however, we are rapidly approaching the creation of new chambers in those regions where there are none yet. We are concerned that people with initiative, enterprise and intelligence be involved in them. We are applying the rule that it does not matter where a person comes from, but it is important for him to be intent on restructuring our economy, on giving it an effective market character. We are counting on experienced managers both new and from the old staff which, I believe, for the most part accepts the new economic order and is ready to actively implement it. We are also making energetic contacts abroad.

Here I must note with pleasure the great interest and good wishes of industrial-trade chambers of many countries. I visited chambers in Belgium, France and FRG and I will soon visit the Spanish and American chambers. In April, a delegation of our representatives will go

to Austria on a study tour. I have very fond memories of the visit by the ambassador of Holland shortly after the registration of KIG; he showed a lively interest in our plans.

Proposals resulting from these contacts are decidedly optimistic: a new self-governed area of cooperation of our enterprises with foreign partners is being created. Whether we will be able to exploit it appropriately depends entirely on us.

[Zmuda] And your contacts with trade unions?

[Arendarski] Obviously, the chambers will not be partners in discussions on pay. Employers and their organizations are there for that. At the same time, the chambers of commerce will have much in common with trade unions with respect to structural reorganizations of the economy, problems of unemployment and related matters, for example, change in trade qualifications.

During a recent visit in Gdansk, in a conversation with Lech Walesa and Jacek Merkel, in the name of the National Chamber of Commerce, I proposed close cooperation, and this proposal was received with understanding and satisfaction.

[Zmuda] Thank you for the interview and I wish the newly formed Chamber organizational strength and real successes.

The National Chamber of Commerce may be contacted at the following address: Warsaw, ul. Trebacka 4.

YUGOSLAVIA

Effects of Restrictive Monetary, Credit Policies

90BA0063A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 2 Apr 90 pp 10-11

[Article by Vladimir Grilckov: "Monetary/Credit Policy: Restrictions Remain"—first paragraph is EKONOMSKA POLITIKA introduction]

[Text] Moderation of monetary fluctuations is expected based on financing growth in foreign exchange reserves.

—Whether credit ceilings, despite the results they are having, are the right instruments for regulating bank activity.

—Why is regulation of primary issue of money not a sufficient tool for bounding bank credit activity?

—"Easings" for banks aimed at raising deposit interest rates.

Restrictive monetary and credit policy is being carried out, without regard to the great difficulties it is "creating" for banks and their founders. This ought to mean that primary issue of money (net assets of the National Bank) and bank credits (net assets of banks) are both

being successfully regulated, just as envisaged in generally accepted projections and the arrangement with the IMF. As confirmation that this is the case, they are coming out with hard data in the National Bank: primary issue of money (credits of national banks) has been declining in a set fashion—by 20 percent in January, five percent in February, and five percent in March. As for bank credits, they fell by seven percent (3.2 billion dinars) in February and by the end of March should have reached the 20 percent reduction “quota.”

For the first time in Yugoslavian post-war banking experience, there is monetary and credit sector control at the same time. Thus, the requirement is for primary issue of money (NBj [National Bank of Yugoslavia] net assets) to be regulated and thereby bank credit activity will be regulated. For it is well known from experience that any attempt to regulate bank credit activity without regulating primary issue of money has been unsuccessful.

Pointing out certain results of the monetary and credit policy does not mean that one cannot discern certain illogicalities. If primary issue of money is being really regulated, then the credit activity of banks does not need to be limited by administrative means. That is, without “ample” support from primary issue of money, banks would not be able to enter into excessive credit activity. At the National Bank, not denying that it appears to be illogical, and especially not calling into question the fact that bank credit activity is being regulated by nonmarket administrative restriction, they emphasize two factors demonstrating that for the moment it is not possible to relinquish “firm” control over the banks. The first is the fear that the monetary expansion taking place (as per the plan) based on financing growth of foreign exchange reserves, which are to increase during this year by \$2.8 billion (2.4 billion at the NBj and 400 million at banks), could “provoke” banks into credit activity on a destabilizing scale. Second, and proving the need for firm control over (limits on) banks, is the “sin” for which the latter bear responsibility: bank credits increased based on accrued interest that had not been paid out by them at the end of last year and the beginning of this year. So by the end of March this balance sheet deficit was to be eliminated by contracting bank credits and more precisely by paying out that (accrued) interest. Judging by available data concerning payout of what has been a total of 3.2 billion in interest, it looks like things are going to be settled mainly the first way: through reduction in bank credits and hence by writing off the moot interest.

How To Replace Limits

Administrative limitations on bank credits will most likely be extended in April. Moreover, the National Bank does not intend for limits to turn into a permanent instrument for regulating bank credit activity, but rather for them to somehow ensure stable credit flows in the absence of other market instruments expected to come into effect and be used from May on. By that time a change would take place in the general environment in which banks operate, a change without which there is no

chance for the new market policy to be successful. Moreover, they (Stanislav Valant on the Assembly's Monetary and Credit System Committee) are thinking mainly about applying National Bank market controls on credit activity of banks through withdrawal of funds from (or issuance of funds to) the banks' accounts based on sale (or purchase) of Central Bank securities!—not just on the money market but also in dealing directly with banks without institutional money market intermediation, or, as one puts it in market terminology, in open market operations. Such open market operations do not exist today, and one of the reasons is the unattractive interest rates, which banks are not accepting for purchase of Central Bank securities.

Of an entirely different sort is the observation (Predrag Galovic) that bank credit limits, together with the requirement for bank credits to be reduced 20 percent by the end of March, have been improperly “prescribed.” For the major fluctuations ensuing from the requirement for banks to reduce short-term credit only to shift right after that to an expansionary policy (in the projection and per the arrangement with the IMF 12 percent expansion is anticipated for the year as a whole) can be accompanied by disagreeable consequences, which are already being reflected in a decline in economic activity. Now, judging by the explanations coming out of the National Bank, there is no question here of intentional ups and downs in monetary and credit policy. Expansion of bank credits as envisaged in the projection will not be permitted by the Federal Government or the National Bank until there is definitive assurance that the banks and all other entities affecting them are abiding by the policies and measures in effect, regardless of whether they are market measures or some other type.

Additionally, considering that bank credit expansion is linked to new investments in enterprises, credits and their expansion can be feasible only after enterprises through prior restructuring provide assurance that funds are not going to be expended in vain. Those restructurings, which (also) include changes in proprietary relationships, do not exist as of now, or more precisely, are at the stage of announcements that they will be carried out.

This does not exhaust the list of monetary and credit policy problems. Under pressure stemming from the harsh measures it has been carrying out, the NBj is subjected to constant demands to make exceptions and permit credit activity without which certain seasonal products (and services) would be jeopardized. Up to now the National Bank (Council of Governors) has approved a 98 percent increase in credits (compared to the end of December) for planting in the agriculture sector, a 43 percent increase in credits (compared to the end of December) for tobacco purchase, and a 450 percent increase in credits (compared to the end of June of last year) for tourism—a total impact of about 3 billion dinars. In addition, numerous other requests for credit are being rejected, among them even ones for exporting, for financing production with a guaranteed market able

to pay in full, and for oil importing. These allowances for exceptions from the restrictive credit policy do not signify any change in that policy, which is evidenced not only by the relatively small amount of intervention in the "sea" of credit restrictions (28 billion dinars has to be drawn out), but also by the fact that in other important monetary and credit areas there is no loosening up (see box).

Along with all the above reflections on the effects of the restrictive monetary and credit policy, one cannot leave out the issue of the nature of the measures through which that policy is being carried out. What we are talking about—no one even attempts to hide this—is compulsory administrative measures put into effect as a matter of extreme necessity. There is especially no intention to continue to maintain limitations on bank credits and permanent decisionmaking on the part of the state as to who is allowed credit and who is not, who is granted credit at privileged (lower) interest and who is not. Because limiting credit and authorizing the type of credits to be allowed in practice means direct interference by the state (national banks) in the business affairs of banks. Of course, this statement should by no means be taken as a call for abandoning involvement in any kind of bank credit activity whatsoever, but rather as pointing out the need to apply market criteria, which take into account and "favor" bank profitability and liquidity. And once again in a fundamental way a bank's capital (plus reserves) status can be the basis of new credit activity.

We are talking about criteria (so-called multipliers) that favor profitable banks, as against across-the-board administrative limitation on credit that restricts all banks, not differentiating according to business competence and genuine potential for new credit activity. Moreover, the federal government and the National Bank have (precisely) those market criteria for credit regulation in mind (the most important of which is the one measured by calculating the ratio of capital plus reserves to balance sheet assets) that had been adopted well before enactment of the administrative limits.

One concludes from all this that the federal government and the NBJ have abandoned the market criteria for regulating bank activity. Those institutions, however, assert that that is not accurate, that it is not a matter of abandoning market principles but rather that the conditions for applying them do not exist. And the government and the NBJ substantiate this with the fact that banks generally do not send them reports on the extent to which the latter observe those market principles. This is absurd but true. The market criteria (multipliers) are less strict, speaking in terms of conditions, than the ones we have gotten via administrative limits. Indeed, in the event market criteria are applied, bank credit activity is not suspended, and in addition there is a two-year period for the criteria to be finally "fulfilled." In spite of all this obvious nonadherence to the adopted market principles, the possibility of a "transition" to them starting in May

is not ruled out, on the condition that the government and the NBJ become assured that the capital criteria will ultimately be met.

Interest Rates—Real interest rates on dinar deposits have not been positive since the beginning of the year, and opinion is divided as to the consequences of this policy. According to some, by lowering the cost of credit, negative real interest rates are anti-inflationary. However, according to other thinking that is predominant, negative real interest rates are stultifying dinar saving, "forcing" cash out of circulation and thus slowing the velocity of money circulation, which is making restrictive policy even more restrictive (due to money being kept out of circulation).

At the National Bank, however, they deny any such "effect" of negative real interest rates on policy restrictiveness, asserting that they took that possibility into account and anticipated this year's most rapid growth in money supply of 52 percent up from 38 percent, as well as the freezing of some liquidity surpluses.

At any rate, the fact remains that negative real interest rates do more harm than good (among other things they do not provide adequate incentive for exchange of foreign currency into dinars). Besides, this observation is confirmed by current endeavors to get interest rates from deposits raised. To that end, the National Bank put into effect a measure to induce banks to make decisions to raise interest rates, providing coverage for additional costs the banks will incur based on those higher rates on savings. What we are talking about is the NBJ now paying banks interest (25 percent of the discount rate) not just on one but on two types of indefinite term deposits included as obligatory reserves at the NBJ. Also, banks are to pay the interest rate on commercial deposits and not just on personal account deposits. The effects of these measures will not be insignificant, for commercial deposits make up 50 percent of total deposits. It is the banks' turn to make a move and make dinar savings more attractive, naturally without shifting that cost to interest rates on credits, and without failing to take advantage of all possibilities created by the situation—like they did at the beginning of the year when they failed to raise interest on three-month term savings to a maximum rate. Three-month term savings rates were lower than 16.5 percent, which they could cover with what the NBJ gave them to compensate for obligatory reserves "collected" from term deposits.

The question arises whether the National Bank has the real resources to cover these costs ensuing from financing higher interest on savings. In covering these costs, will the NBJ not perhaps be "breaching" the established limits for primary issue of money? The answer is that there is no such risk because during the second quarter the NBJ will be unburdened of some other obligations based on financing growth in foreign exchange reserves. In this sector, for example, it is in fact anticipated there will be more moderate fluctuations, slower growth or even a decrease in foreign exchange

reserves. At any rate the scope in monetary policy can be created to finance higher interest rates, as it similarly can to provide for lower rates to the extent that monetary policy receives greater support from fiscal policy through rapid assumption of current major obligations in relation to coverage of exchange rate differences.

[Box, p. 10]

Proposals That Are Not Getting Through

At present the following proposals of banks having to do with more relaxed monetary and credit policy are not being approved: first, an increase of \$114 million in foreign short-term bank debt, of which 50 percent would be for imports needed for exporting activity and 50 percent to provide for banks to hold in overseas accounts 90 percent of increased foreign exchange savings; second, eased treatment for banks regarding accrued but nonpayable interest; third, exceptions from the ceilings on credits for JUBMES, as well as credits that would enable purchase of shares and ownership transfer of enterprises; fourth, the NBJ is not being permitted to carry out rehabilitation of banks according to the old organizational scheme, which is to say that there is now only one way to gain access (to rehabilitation), and the NBJ is rehabilitating present-day leading branch banks, that is to say the former founding banks, in the framework of the "major bank systems."

[Box, p. 10]

Classification

The Council of Governors, according to information from Ninoslava Zugic of the NBJ, has put out a regulation on the classification of bank assets according to commercial and financial debt standing, which is to say in relation to bank capability for payment of credits and fulfilling off-balance-sheet obligations.

Assets of banks are classified into five groups:

- A) claims paid within 60 days and not involving major payment problems;
- B) claims paid within a 60-180-day period;
- C) claims involving payment delayed between 180 and 240 days, including reprogrammed credits;
- D) claims involving payment delayed between 240 and 360 days, including debtors in the process of rehabilitation and that have entered into out-of-court settlement proceedings;
- E) claims involving payment delayed 360 days, including parties in bankruptcy or in receivership.

The criteria for bank rehabilitation: if 50 percent of credits fall into group C, 75 percent into group D, and 100 percent into group E.

HUNGARY

Hungarian Academy of Sciences Said Still Controlled by Stalinists

90CH0102B Budapest VILAG in Hungarian 15 Feb 90
pp 8-9

[Article by Janos Doboszay: "Tattered Academy"—first paragraph is VILAG introduction]

[Text] Any statement in recent months about the past 40 years of the Hungarian Academy of Sciences (MTA), and its present or future, has never failed to arouse fierce passions. Yet it would be a mistake to conclude from all this that the controversy surrounding the Academy is a problem peculiar to Hungary or to East Europe.

It may sound surprising, but these days specifically prominent Western sociologists are the ones who stress the urgent need to separate the state and science. The analogy is apt that the merging of politics and science is causing dysfunctions in our time, in the same way as the intertwining of church and state over centuries distorted society. Wishing to reform itself and bearing these considerations in mind, the Academy finds itself in the crossfire of controversy. It has to confront not only its past, but also its ever-greater crisis of confidence.

Those who question the credibility of internal reforms justifiably point out that, in many respects, the present leadership and staff of the MTA owe their positions to the very same Stalinist and post-Stalinist science policy which chose its employees mainly on the basis of political reliability, rather than professional competence. Scholarship subordinate to political interests is in conflict with the researcher's attitude that leaves no room for distorted expectations demanding facts to support momentary political interests, rather than findings of long-term validity. Scientific results cannot be produced when the basic approach to research rules out in advance the truth of certain facts and exaggerates the significance of others.

With more or less tact, everyone agrees that the present leadership of the Academy is guilty in this respect. That is why deputy Eva Balla spoke out a few weeks ago against a report the MTA recently issued and offered for debate. In an uncritical, cocksure, and self-praising tone, the introduction to the report states that "the Academy has always loyally served and fulfilled its mission." If that is true, said the deputy, how did the country get into its present economic crisis? Prime Minister Miklos Nemeth also gave the members of the Academy a similar pat on the back last year when he said: "The Hungarian Academy of Sciences has played a progressive role throughout the 164 years of its history. It remained a bright star even when pitch-dark night shrouded Hungarian history."

Indeed, both statements are highly arguable. Yet the picture is more nuanced than to reflect the direct relationships Eva Balla suggests in her otherwise valid comment. Like every significant body within the country, the Academy found its scope to investigate—and hence to adopt its own standpoints and to shape public opinion—strictly limited.

Already in the three-year plan drafted in December 1946, the Communist leaders devoted close attention to scientific research institutes. Opposed to an Academy "incapable of undergoing reform," they proposed the creation of a Scientific Council, which began to function in 1948, and subsequently also the establishment of 26 new research institutes. The MTA "finally" was reorganized in 1949. It took over the former tasks of the Scientific Council and continued to function as the central agency in charge of research institutes. In 1956, and again in 1966, the Politburo considered anew the tasks in these areas and declared that the working groups doing research in economics, philosophy, history, government and legal sciences, and pedagogy had to come to the aid of the party in providing policy guidance. The Politburo adopted a resolution stating that "closer harmony must be ensured between society's needs and scientific activity, between production and research."

In 1969, the MSZMP [Hungarian Socialist Workers Party] Central Committee issued a document containing its science policy directives. It said that science policy was an integral part of socialism's general policy, and the party was aiding scientific activity by providing ideological and policy guidance for it. The Academy's reform was carried out in 1970, in the spirit of the science policy directives. The reform established within the Academy a scientific body headed by the Academy's president; and a separate central agency in charge of the network of research institutes, under the Academy's secretary general.

The nomenklatura list that the Central Committee adopted in 1971 (cf. VILAG, Vol. II, No. 15) documents the party's continuing influence over the filling of leadership positions in the reinforced hierarchic structure. According to the nomenklatura list, the Politburo had the final say in filling even such elective positions as those of corresponding members of the Hungarian Academy of Sciences. In a recently published article, Istvan Palugyai provides further information: "It is rumored that there were academicians whose task was to monitor the lists of persons proposed for this scientific title [corresponding member], and to weed out those who were politically unsuitable." This system functioned very well: The Politburo did not have to make any changes directly, because its planted people took care of everything through informal channels.

We could cite numerous examples of the machinations through which "aspirants eager to become science candidates, but whose efforts could be considered only with indulgence to be of any scientific value" defended their "scientific" dissertations—perhaps ghost-written for

them—before examiners who had been bribed with research contracts. It also happened that examiners were removed, and new ones appointed, to help the aspirant in danger of failing.

From recent years we know the case of the one-time KISZ [Hungarian Communist Youth League] official who became a science candidate by submitting a published work that he coauthored. Everyone more or less knew, of course, that he deserved credit at most for a few supplementary paragraphs or for having obtained financing for the project, but all that proved immaterial from the viewpoint of the cause. Knowing of similar instances, we venture to suggest that it would be expedient to review a few critical cases. In the interest of preserving the purity of science, it would be a virtue, rather than a crime, to revoke the proudly held Academy-conferred titles of some individuals. After all, justice can be rendered not only through rehabilitation, but also by distancing ourselves from the unworthy.

It is no wonder that significant forces, aware of such abuses, have been opposing for years the unjust and often hamstringing institute decisions. In 1987, the need to introduce forms operating on the principles of autonomy and internal democracy has been formulated even in higher circles. Despite the promising signs, however, questions still remain: Can democracy be ensured by letting the scientific community define its own legal status and tasks? Does not the granting of autonomy to the MTA harbor the danger that its leaders, having gained power under the old system, will get a free hand to preserve the hierarchical relations that have evolved within the institution? Therefore the TDDSZ [Scientific Workers Democratic Trade Union] has proposed that efforts now be concentrated only on formulating the principles of science policy, rather than on the Law on the Academy that is being drafted and is to be submitted to the National Assembly.

The law decree regulating the legal status of the MTA was promulgated two decades ago and is now definitely ripe for change. Monopolization is just as harmful in science as in the economy. It is difficult to predict at present how the new government and new Parliament after the elections will formulate the pertinent statutory regulations. In any event, approximation of the European model, where a centralized academic system is entirely unknown, would mean wider scope than up to now for science based on university autonomy. Without such restructuring and the related financial provisions, we can expect that the number of Hungarian specialists accepting research positions with scientific institutes and universities abroad will increase severalfold this year, after doubling last year. It will then become increasingly difficult for the Academy to regain its now-tattered reputation.

[Box, p. 9]

Undecided

The general assembly of the MTA on 6 February, at which a decision was to have been made about amending the by-laws, best illustrates the rather chaotic situation in the Academy. Two sides clashed in the debate that very often lacked the coolness typical of scientists and science. One side urged the soonest possible adoption of by-laws regulating anew the Academy's internal relations, while the other side wanted significant changes. Historian Gyorgy Spira fundamentally questioned the justification of adopting by-laws at present. As long as the existing external systems of regulation were in force, he argued, the institution was able to shape its by-laws only within their limits, which necessarily meant that internal democracy would suffer. The speaker identified the sequence of events as the real obstacle: By-laws could not be adopted until the new Parliament enacted a new Law on the Academy, he said. Strong protests accompanied the historian's words when he cited the frequent standpoint of the press, that the Academy was the last stronghold of the Stalinist state machinery. There was some truth in that allegation, Gyorgy Spira indicated. After all, the affairs of the Academy's workers were being administered by the same personnel apparatus whose earlier task had been the investigation of political reliability.

Several speakers argued that in their present form the institutions of president and secretary general at the head of the Academy's hierarchy were obsolescent, and that in future these officers ought to be coordinators rather than decisionmakers. But the present apparatus—it also includes several deputy secretaries general, in addition to the president, vice president, and secretary general—ought to be trimmed considerably.

After several hours of debate, the number of proposed amendments increased to several times the number expected at the beginning of the general assembly. Some of them required more thorough deliberation. Therefore the extraordinary general assembly rose without having made any specific decisions for the time being. It succeeded in passing merely a brief draft resolution that lays down the Academy's standpoint on several important questions, until the enactment of new legislation. But that document is not expected to enhance the tattered reputation of the Hungarian Academy of Sciences.

Signs of Anti-Semitism Not Yet Significant, Philosopher Claims

90CH0102A Budapest VILAG in Hungarian 15 Feb 90
p 21

[Interview with Mihaly Vajda, chairman of the Department of Philosophy at Lajos Kossuth University in Debrecen, by G.R.; place and date not given: "Will the Jewish Question Arise in Hungary?"—first paragraph is VILAG introduction]

[Text] "Jews in Hungarian History" was the title of the two-day conference that Istvan Szechenyi College organized at the University of Economics. In the series of lectures covering millenia, perhaps the only speaker who also dwelt on timely problems was philosopher Mihaly Vajda, chairman of the Department of Philosophy at Lajos Kossuth University in Debrecen. We interviewed him on whether the Jewish question will arise in Hungary.

[G.R.] In your lecture you said that there is anti-Semitism in Hungary, but the Jewish question has not arisen as yet. Where would you draw the line between the two?

[Vajda] By anti-Semitism I mean that a proportion of the population has a perceptible antipathy for Jews, an "I do not like them" attitude. Nothing more. The Jewish question arises when that same proportion of the population thinks that something must be done about the Jews, and even says so. For example, that the influence of Jews must be curbed: in the mass media, for instance. But the Jewish question may also arise when Jews claim, rightly or wrongly, that they are being discriminated against, that they are not getting equal opportunity.

[G.R.] In other words, anti-Semitism becomes the Jewish question when the dislike of Jews and the demand to do something about them are voiced?

[Vajda] There is nothing wrong as long as someone merely says that he dislikes Jews because they are arrogant or stick their noses into everything, for instance, but otherwise everyone has equal rights and there is no discrimination on the basis of being Jewish or having blue eyes. However, if the same person declares that something ought to be done against the gains Jews have made, then that falls into an entirely different category. In this country there is at present a rather primitive attitude toward Jews, and the Jews on their part are oversensitive. But I do not think that the Jewish question is on the agenda as yet.

[G.R.] How would you classify the radio commentary "Dangerous..." by Istvan Csurka, the writer? I have in mind the contrast he draws between "a small minority" and "Hungarians who are the backbone of the people and nation."

[Vajda] That is more than anti-Semitism, especially if he says that something must be done about it. This is the first manifestation of the Jewish question. However, if he is merely saying that he, personally, is not pleased to see so much power in the hands of a small minority—power which its members won not as a group, but as individuals from a certain background and of a certain extraction—then what he is saying is acceptable. Assuming, of course, that he had Jews in mind when he wrote his commentary.

[G.R.] What is your opinion of anti-Semitic utterances by the spectators at soccer games; or of crowds chanting "bring out the Jews" in front of the TV studios?

[Vajda] I do not regard them as dangerous. And, I believe, an official reprimand ought to suffice in such cases.

[G.R.] What do you consider the more dangerous: shouting in the streets or theoretical, literary statements?

[Vajda] Both are dangerous if they demand regulations, and we are in trouble if anyone is dismissed because he is or is not Jewish. Although that cannot be proven until someone dares to say so.

[G.R.] What is better: to allow or to ban the spreading of such views?

[Vajda] Unless it is inflammatory or incitement to crime, any view may be voiced in a democracy. Everyone should say what is on his mind, but in a way that does not infringe on the rights and freedoms of other individuals.

[G.R.] To what extent do you regard this range of questions as a sore spot of peaceful transition?

[Vajda] I do not regard it as a sore spot. Instead, what I consider important, as I have said at the lectures, is that the Jewish question could intensify if the modernization we have started becomes flooded once again. In other words, if significant social strata fall behind, and the gap between the nation's capital and the provinces widens further.

[G.R.] Because then the search for scapegoats would begin?

[Vajda] Yes. That is a proven method of seeking and apportioning blame. Jews have always played a role in modernization and in developing a bourgeois mentality. On the other hand, I suspect, the view will soon surface that the Jews were the ones who introduced communism. But if the modernization gathers momentum, what role the Jews have played or are playing in society will not interest the country at all.

[G.R.] We may say that several million people are already living below the poverty level. An improvement in their situation cannot be expected in the near future. When do you expect the possible explosion to occur?

[Vajda] There will be trouble, in my opinion, if in the next five to 10 years we are unable to ensure, through modernization, a perceptible improvement for everyone, including the lowest strata.

Renters Association Still Fighting Government's Housing Program

90CH0147A Budapest MAGYAR HIRLAP
in Hungarian 3 Apr 90 p 5

[Article by Karoly Csabai: "Renters Association Versus the Government; New Attack on the Housing Program"—first paragraph is MAGYAR HIRLAP introduction]

[Text] The question after the elimination of the interest tax is what will happen to the rest of the housing policy package? Will this manner of raising rents, or for that matter the water and sewage fees, be retained? The government and the Renters Union are sharply at odds on this issue. The militant organization is now trying to take its case to the Constitutional Court for support.

After several unsuccessful attempts to affect policy, the presidium of the Renters Union has decided to turn to the Constitutional Court and ask that body to review the recent parliamentary decree on housing, and declare it unconstitutional. As we know, the government's proposal was adopted by the deputies last December. In accordance with the new decree, effective 1 February 1990, rents have been increased by an average rate of 35 percent. At the same time, renters have been required to pay an average monthly rate of 150-250 forints in water and sewer fees. This is what the Renters Association is protesting against.

Speaking for the association, President Miklos Szabo and his colleagues have kept me abreast with the developments so far. Already the day after the parliamentary decision, the association launched a signature gathering campaign among renters in protest of the decree. They demanded that the president of Parliament call a referendum on the housing decree. On 24 January, they sent a letter to the interim president of Parliament. In that letter, speaking for the 180,000-member Popular Interest Protection Bloc [LET] which it had founded, the association asked and called on the deputies to repeal statutory regulations pertaining to the rent increases and the payment of water and sewage fees, and to leave the drafting of the necessary decrees to the new Parliament to be formed after the March elections.

The response was delivered after a good month of silence, on 28 February, by the vice president of Parliament, Mrs. Robert Jakab, in which she informed the association, first of all, that the number of signatures it had collected was well below the 50,000 required by law, and secondly—and this was her key argument—that according to the Constitution, the law on the budget could not be put before a referendum. It was this point which has actually sparked the renters' protest. For they claim that the decree on the rent increase and the water and sewage fees had been planted in the budget legislation with the aim of making it unassailable under the existing statutes. An intense debate has begun among lawyers about what is illegal and what is not. Some believe that the government has acted in accordance with the law since the actions by the state are based on rules of law.

There is, however, yet another facet to this story. Upon receiving Mrs. Robert Jakab's reply, the leaders of the association—in view of the fact that the old Parliament was still in session—immediately issued a new appeal, this time addressed to selected deputies. They were asked to read the letter before the entire legislative body,

something which, despite their earlier request, the president of the Parliament had failed to do. Frigyes Tallosy and his colleagues, as well as the parliamentary committee dealing with the issue, all pledged support to their request to bring the new housing policy concept under review. After the deputies had turned down the draft proposal to repeal the interest tax, however, Tallosy and the others did not deem it expedient to submit this proposal. They thought that under the given circumstances the government could successfully sway the deputies by repeatedly raising the specter of a possible government crisis.

After several failed attempts, the leaders of the Renters Association have decided to turn to the Constitutional Court, calling on them to declare the housing decree unconstitutional, as it did in the case of the interest tax. In their opinion the reason why the government had decided to force Parliament into adopting the housing decree was to use the resulting excess revenues for repairing another hole in the patched and repatched bag of the budget. They have also pointed out that most of the deputies voting for the measure were from the provinces, while the rent increase affects primarily the residents of the capital city. Hence it was not in their primary interest to torpedo the rent decree by using strong arguments.

The main issue to be looked at by the Constitutional Court is the legality of the housing decree; equally important, however, will be its determination of the extent to which the decree is likely to impact on the budget. The government's argument is that repealing the housing decree would result in 10 to 15 billion forints in additional expenditures for the budget, which in itself would increase the rate of inflation by 1.5 to 2.0 percent, as steps would have to be taken to offset the resulting budget deficit. Hence a decision by the Constitutional Court to repeal the decree would result in price increases that would have to be borne by the very people who under the housing decree would otherwise be eligible for preferential treatment. According to the position and calculations of the Renters Association, however, the budget would not be burdened by additional expenditures; besides, the withdrawal by the Real Estate Management Enterprise from the housing maintenance business will inevitably increase the renters' costs anyway. For now it is difficult to predict what the Constitutional Court will have to say about all of this. Whatever form of government will end up at the helm of our country, however, effecting a genuine reform in our housing policy system will be one of the most important issues it will have to face.

Effects of TV, Radio Staffing Changes Analyzed
90CH0148A Budapest VILAG in Hungarian 5 Apr 90
pp 22-23

[Article by Laszlo Beck, Sandor Revesz, Janos Timar, and Maria Vasarhelyi: "A Study by Us, To Look at

Ourselves; Changes in the Program Structures of HIRADO and HET"—first paragraph is VILAG introduction]

[Text] Although our political waters have not been calm for some time now, in December and early January the news that caused the biggest excitement was about the changes that had been announced in the control and top management of Hungarian television. Most directly affected by these personnel changes have been the editorial staffs of the HIRADO and HET programs. The Publicity Club has commissioned Median, Limited, to examine, using the method of content analysis, whether or not the content and outlook of these programs have changed as a result of these changes. Presented below is an abbreviated version of this study.

The focus of the analysis was two two-week periods in each of the months in question, including the first editions of the newsreels aired between 4-17 December, and 15-28 January, respectively. Within these periods, the individual newsreels contained (besides the sports and weather reports) an average of 18 news items, so in this respect at least there was no difference between the two periods. While, however, in December, nearly half—45 percent—of the news dealt with topics unrelated to Hungary, in January only 35 percent of them had to do with such topics.

The pictorial presentation of the news was also of generally better quality during the December period. The events were more frequently illustrated by related film footage, and less often by still photographs. The overall impression of the January news broadcasts was more static: One-fifth of the reports were simply read, while in December this mode of presentation was chosen only 12 percent of the time. The number of interviews declined, as did the ratio of news items involving several characters. While in December the news items reported were presented in some broader context two-thirds of the time, in January little more than half of the news was reported this way.

In the January news programs, the anchor was featured more frequently and for longer periods. His role had also changed in that, going beyond simply reporting the news, he more frequently took it upon himself to explain and analyze events. Similarly changed was the role of the reporters: In January, they were not only seen more often, but also for longer periods of time in connection with a given news item. The newscaster has also been given a more prominent role.

In the traditional sense of the word, the January news broadcasts were also more "political" than those aired earlier. While in December, just a little over half of the news aired during the above two-week period was clearly political in nature, in January, two-thirds of the news consisted of political reports. This increase was effected primarily at the expense of economic news, but the ratio of culture has also declined. There has been a significant

increase, however, in the amount of time dedicated to "social conflict" (strikes, demonstrations, etc.).

We have also analyzed what we have seen according to whether the feelings aroused by a given news item were pleasant and comforting, or unpleasant and disturbing. In January, there were more news stories dealing with Hungary that could be categorized either as "pleasant" or "unpleasant," as this was definitely a period of stronger inclination to pass judgement and express emotions. The ratios developed differently in the case of foreign news: The number of analyzable news items has remained essentially the same, but while in December the ratios were evenly balanced, in January there was a definite preponderance of more negative news.

Our study has found many similarities between the two periods in terms of content and accomplishments from the point of view of the success-failure dimension. Here the most significant difference between foreign and Hungarian news was that while in December most of the foreign reports talked about success, in January the same sources focused mostly on failures. During both periods, announcements pertaining to Hungary contained slightly more references to successes than to failures.

There were also differences between the newsreels of the two periods from the point of view of how much "violence" they contained. The news reports aired in January contained almost three times as much violence of one sort or another as those broadcast in December. Most of the news items of such content were reports from abroad during both periods.

The news items on Hungary aired during the December period featured a relatively broad scale of characters. In addition to the party and government, equal time was devoted to the National Assembly and frequent references were made to other economic and social organizations as well. In January this balance became upset, as the choice of characters was restricted mostly to two groups: the members—and representatives—of the party and the government.

In view of all the excitement surrounding the elections, we also decided that it was necessary for us to look at the amount of coverage afforded in our news programs to the various political parties. The January broadcasts featured 36 reports about 65 parties, while in December there were only 20 news items dealing with 33 parties. These frequency figures do not constitute sufficient data to serve as a basis for significant statistical analysis; they should be viewed merely as indicators of tendencies. The most notable of these trends was the preponderance of coverage afforded to the MDF [Hungarian Democratic Forum] in January compared with their low profile in December. As for the role of the MSZP [Hungarian Socialist Party] and the SZDSZ [Alliance of Free Democrats], there were no significant differences to report between the two-week periods examined.

Another indicator of the perceived importance of various parties in a news program is the sequential order in

which they appear. Whenever mentioned, the MDF has been virtually without exception the main or leading subject of a news item. Within this hierarchy, by January the SZDSZ had fallen further behind, more and more often slipping to third, fourth, or fifth place among the contenders. In this respect the role of the MSZP had not changed from one period to the next, as in both cases it was often mentioned at the top of the news.

The editorial (board) changes have also altered the broadcasts of HET. The two Sunday programs aired during each of the examined periods have enabled us not only to analyze their content the way we have looked at the newsreels, but also to apply slightly different analytical considerations in exploring the manifestations of the resulting change.

Under the direction of its new editorial board, the HET program has moved toward a level of style characterized by a more general, often abstract tone, as evidenced by a significant increase in the use of words associated with generalized and comprehensive units and categories of concepts. While the December broadcasts could best be characterized with the word group "society—country—law—state," those aired in January could more closely be associated with the words "village—Hungarian—nation." While the amount of foreign materials covered in the "new" HET has been somewhat higher, most of these have dealt with the lot of the Hungarian national minorities; in contrast, the foreign materials featured in the "old" HET had nothing to do with Hungary.

Another indication of the changes affecting HET is that while the number of people featured has increased two and a half times, the amount of time allotted to each person has declined significantly, by almost 60 percent. The most significant increase has been in the number of mid-level managers and "little people" featured, while—perhaps for this very reason—the greatest decline in average speaking time has been among the little people. The weekend political programs aired in December had been more closely targeted at the political levels at which the comprehensive political decisions were being made, while the January broadcasts focused not so much on the decisionmaking mechanisms of politics as on their "operational" mechanisms. Our thematic analysis, at the same time, has also shown a decline in the amount of materials dealing with failure or news likely to cause anxiety.

Our analysis has shown that the effected changes have resulted in a realignment of tendencies pertaining to outlook and political attitudes. Although in the case of the HIRADO programs the numerically expressed changes may in themselves appear insignificant, in view of the fact that both the form and content-related changes seem to point in the same direction, reinforcing one another, they indicate the same kinds of shifts as those we have seen unequivocally manifesting themselves in the case of HET.

Compared with the news reporting principles and practices adhered to by the leading countries of television, we have found that our country has taken a step backwards. We appear to be witnessing a revival of the once prevalent practice which in weighing the—otherwise impossible to balance—desired ratio in news reporting between presenting information and expressing opinion had always tended to favor the latter.

Increasing Divorce Rate, Settlement, Adjudication Described

*90CH0081A Budapest HETI VILAGGAZDASAG
in Hungarian 31 Mar 90 pp 74-75*

[Unattributed article: "Divorce Management"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] Getting a divorce is a lengthy, expensive, and nerve-wracking procedure (especially if the partners cannot agree on all major points in advance). The "divorce counseling" service of the National Council for Health Protection offers assistance in completing divorce proceedings in a civilized manner.

In Hungary, there are about 30,000 cases annually in which the courts make someone happy by pronouncing them divorced and declaring their marriage dissolved. One in three marriages end in divorce, so that (taking into consideration children as well as parents) these proceedings touch the lives of hundreds of thousands of people each year. Drastic changes in living circumstances, such as the death of a close relative or a divorce, pose a psychological and biological threat to those involved. Among them, there is a sharp increase of deviant behavior (alcoholism or suicide) as well as in the number of illnesses and deaths. Considering its social consequences, divorce is an epidemic.

In the happiest cases, which amount to about 70-80 percent of divorces, the partners mutually agree to part with each other. This is conditioned on such matters as agreeing on where the children will reside, the means of maintaining contact and using jointly owned dwellings, the division of mobile possessions and the size of child support payments. The court fee for divorce by mutual agreement is 2,500 forints, and there is usually a period of three to nine months between filing the first papers (the request for personal interviews and the period of reconciliation) and the granting of the divorce.

The situation is much more complicated when there is no agreement among the partners, even on a single issue. These are the so-called contested divorce proceedings, in which practically no one (neither the judge nor the lawyers) is interested in striving for agreement, instead of quarrelling, between the partners. A judge of family law stated, for example, that at the Pest Central District Court the time devoted to the compulsory pretrial meeting, the so-called "reconciliation attempt," is on the average no more than five minutes. It is no wonder, therefore, that the proportion of successful reconciliations is only about one in one thousand. The evaluation,

and thus in fact the promotion, of judges is still based on the number of cases they close. The successful judge is more likely to be the one who pours out sentences than the one who strives to solve complex cases, not just make decisions on them, and thus works at a slower pace.

It has also been the experience of judges working in family law that lawyers are not interested in processing divorce cases in a simple, civilized manner. Even though the official fees are primarily set according to the value of the settlements, additional gratitude from the clients is more likely to come if the lawyers can drag the case out as long as possible, if they can act as spectacular as possible, beating the table and making every effort to get as much out of "that scoundrel" as possible. In other words, it is better for the lawyers to have their clients as angry at each other as possible. This is generally true, although it is also becoming frequent to hear the statement: "I will pay anything, just get the affair settled as soon as possible." This "I will pay anything" can amount to a tidy sum. Court fees, over the basic 2,500 forints, amount to six percent of the sum in question in cases of contested wealth. Official lawyers' fees are also tied to the sum of money in question: four percent in excess of 10,000 forints. In other words, if the plaintiff demands half of a joint property amounting to half a million forints, the former marriage partners will pay out at least 350,000 forints to the courts and the two lawyers. In addition, there are the fees for the invited experts, the expenses of witnesses, as well as another 10,000 forints that the lawyers will receive "out of gratitude."

Contested divorces are not only expensive, they also take a long time. Court experts, who are asked to evaluate any jewelry and movable property and provide psychological examination of the partners are at least as over-burdened as the courts themselves. Cases of this type frequently take two to three years to settle. But there was also a case in which a childless couple, after a relatively smooth divorce, battled in the courts for ten years over their joint property and "used up" seven judges before they settled.

In America and in Western Europe, those who want a divorce but cannot settle their differences on their own are assisted by a well established system of "intermediaries." In Hungary a practicing divorce judge, Andras Grad, was the first to think of introducing a similar system. He observed: "I have seen too many of my clients go bankrupt, end up in mental institutions, or become crippled as a result of divorce proceedings." With a psychologist coworker, he first tried for a year to offer therapy and family counseling in the town of Vac.

Their experience was positive: In most cases they succeeded in getting their clients to come to complete agreements, or at least to smooth out some major details such as those concerning child custody or property division. As of this March, they initiated a similar program of family counseling, as an agent of the National Council for Health Preservation, in the Sport

Hospital of Budapest. The reason for the complex designation is that, according to Andras Grad, Hungary's law on association does not recognize such a thing as a nonprofit association. If their program were to get under way as a simple association, the 200,000 forints in assistance they received for the first half year would have soon been used up for taxes and social insurance fees. In this manner, however, as a section of a social organization, each of their associates work only for part of their time as divorce counselors, and they only have to pay individual income taxes on the money they thus earn.

They charge each of their clients a fee of 2,500 forints, which is less than some of the better experts would ask in a court proceedings. For this fee, experts spend six sessions, for a total of 12 hours, with each of their clients. In accordance with the proven method of their colleagues in the West, the psychologists and lawyers first try to smooth the conflicts over the smaller details of divorce. If the partners agree on even just one side issue, the attendant lawyer prepares a separate affidavit on such an agreement (for a separate fee that is determined by law), and once the partners sign this, they can deviate from it only by mutual consent. In this manner, they proceed toward the more crucial issues. For example, before the point of child custody would come up, they have to agree on the division of property, so that children could not be used as weapons with which to blackmail each other. The courts recognize the statements concerning these type of agreements, so if the partners agree in advance on every issue, their court proceedings will take no longer than 30 minutes.

Divorces in Hungary

Year	Number of Cases	Number of Divorces Per 1,000 Inhabitants
1948	11,058	1.2
1960	16,590	1.7
1970	22,841	2.2
1980	27,797	2.6
1986	29,557	2.8
1987	29,856	2.8
1988*	23,868	2.3

* In 1988 the new family law regulations were already in effect which made divorces more difficult to obtain.

Police Acquire McDonnell-Douglas Helicopters

Two Aircraft Delivered, Four More To Follow
25000699G Budapest NEPSZAVA in Hungarian
7 Apr 90 pp 1, 7

[Article by S. A.: "Crime Fighting From the Sky"]

[Text] Two new American-made helicopters now enrich the police hangar at Ferihegy Airport. The advantage of

the MD-500 type "dragonflies" is that they are fast and have an outstanding maneuvering capacity.

At a Friday press conference held at the air patrol station, the deputy interior minister, Lieutenant General Dr. Sandor Ilcsik, stated that among the Warsaw Pact countries Hungary was first to purchase helicopters from the West, aircraft that may be used for armed duty purposes. The MD-500 helicopters are suitable for the control of high traffic public roads and for the performance of anti-terrorist commando actions, and they also support the work of the criminal enforcement service.

Two more of the U.S.-made four-passenger helicopters will be delivered this year, and two additional helicopters in 1991. By purchasing the MD-500 helicopters the Hungarian police have begun to exchange the type of equipment they use. It is hoped that this exchange will extend to the obsolete fleet of automobiles.

During the press conference police Colonel Janos Havai said that the MI-2 helicopters presently used by the air patrol do not satisfy the speed and maneuverability requirements. This is another reason why it was necessary to purchase the most modern equipment possible, that is most suited for the performance of special police tasks. In the course of the coming years the existing helicopter fleet will be gradually exchanged for American-made machines. Prior to deciding on their choice of helicopters, they researched the Soviet, Polish, and Yugoslav aircraft manufacturing markets, but nowhere did they find equipment that was as modern as the MD-500. This is why the choice to purchase helicopters from McDonnell-Douglas was made.

Aside from fulfilling service needs, it is of extreme importance that the operation and maintenance of the helicopters now purchased is far less costly than that of the MI-2. The MI-2 consumes 460 liters of kerosene per hour, while the MD-500 uses only 190 liters of fuel per hour. Equally essential is the fact that major maintenance which may take as long as half a year must be performed after every 1,000 flight hours on the MI-2, while the same work must be performed on the new helicopters after 350 hours of flight [as published]. There is ample experience in Hungary with the MD-500 helicopters: The agricultural air service of the Ministry of Agriculture and Food has used these aircraft for quite some time and has an appropriate spare parts inventory.

The pilots and mechanics assigned to these new aircraft were able to familiarize themselves with the MD-500 helicopters in Hungary, then took part in a training program in the United States which included studies concerning the manufacturing process of the helicopters.

Colonel Dr. Antal Baracsi recalled that in 1989 some 225,000 criminal acts became known, and the situation regarding public safety has deteriorated. There were 2,100 fatal traffic accidents, 33,000 people were injured, and property damage exceeded 25 million forints. Accordingly, there is a definite need for a modern,

professional police. This, however, cannot be obtained without appropriate technology.

Details of Trade Transaction

25000699G Budapest NEPSZABADSAG in Hungarian
7 Apr 90 p 4

[Article by Attila Gy. Fekete: "Air Patrol Above the Highway of Death"]

[Excerpt] [passage omitted] The transaction was consummated by Technoimpex on behalf of the Ministry of the Interior. And since the Ministry does not have an abundant amount of dollars, the foreign trading company has paid the American party with machine industry products, containers, and custom-made glasses [as published]. A Technoimpex representative told the press conference that they were surprised over the relatively short period of time it took to consummate this deal. And it is of special joy—particularly to the police—that the manufacturer sent a telex yesterday according to which the multi-channel, high capacity radio transceiver was taken off the COCOM [Coordinating Committee on Export Controls] list. This enables the maintenance of excellent contact between the helicopter watching high above and the personnel of patrol vehicles. [passage omitted]

Foundation To Revive Culture Funded, Operational

25000700A Budapest ESTI HIRLAP in Hungarian
3 Apr 90 pp 1, 12

[Interview with Minister of Culture Ferenc Glatz, by "(devai)" in Budapest on 3 April: "A Milestone in the Management System; One-Billion-Forint Foundation for Hungarian Culture; Ferenc Glatz' Statement to this Newspaper"]

[Text] Representatives of the cultural press were informed this morning at the Ministry of Culture about the results of seven months of tough, hard work and organizing. "Pro Renovanda Cultura Hungariae," ["For the Restoration of Hungary's Culture"], the foundation of foundations, is actually a milestone in the management system of Hungarian cultural affairs. Just before press time we asked Ferenc Glatz, head of the ministry of culture and chairman of the top level board of trustees, concerning details.

[Glatz] We have here a 1.1-billion-forint foundation system backed fully by Hungary. The main foundation itself consists of 36 foundations. Among these one may find a foundation for educational purposes, one for the fostering of culture, and funds that support scientific research as well. To mention a few examples: Within this foundation there is one concerned with High Tech, i.e. with computer technology in higher education, foreign scholarships, and the Klebelsberg Foundation which supports the higher education—university sphere's West European system of relations with a 200-million-forint

fund. In addition to these, within the Pro Renovanda Cultura Hungariae we find the Zsigmond Kemeny Foundation with 50 million forints. This is designed to help the continued education in Hungary of Hungarians beyond our borders. It is based on competition. Then there is a 30-million-forint foundation to foster the renewed start of the people's academy movement. In the field of public education we support the restart of the entire free learning, free cultural program—the Osvat Foundation which we opened earlier for the support of cultural newspapers in Hungary is part of this. As part of the main foundation we find two environmental protection foundations. One pertains to environmental protection in public education, the other concerns environmental protection in higher education, i.e. these were established for the support of special cultural policy goals which we thought should be supported in the interest of modernizing the entire educational system.

[(devai)] What guarantees the independence of competition within this system of foundations?

[Glatz] Among other matters, the fact that independent intellectuals are members of the board of trustees. In other words, bureaucrats are not distributing the funds. This means that in the boards of trustees of all 36 foundations we find 250 intellectuals: teachers, artists, scientists. Plainly put: This is an entirely new form of governmental management. We will always publicize in

the press the names of those who win the competitions; we provide a more open management, if you will. On the other hand, cultural management thus far has primarily meant the management of the special goals of enterprises and institutions. In this instance, by making it possible for individuals and groups to enter into the contest, we actually manage a piece of work and a person.

[(devai)] Have you registered the Pro Renovanda Cultura Hungariae already?

[Glatz] Yes, this is a registered, existing foundation; the money and the seal are in the bank, and the main foundation has an office on Dorottya Street, in the 5th district. In other words, competition for the money may begin next week. From a practical standpoint the foundation is operating as of today.

[(devai)] The foundation system also has some associate supporters already, as I heard.

[Glatz] Yes, there are associate ministries as well as foreigners. The Austrians, for example, provided 1 million schillings for researching the Austro-Hungarian common past, Liechtenstein gave 3 million schillings for the foundation which supports the teaching of the German language in Hungary, and I could go on. We are also expecting support from private individuals, various institutions, and banks.

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